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Judge Marsha J. Pechman

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

UNITED STATES OF AMERICA,

Plaintiff,

v.

KEVIN L. LAWRENCE,  
STEVEN J. REIMER,  
MICHAEL J. CULP,  
LARRY L. BEAMAN,  
HARVEY W. KUIKEN,  
ALEX LACSON, and  
ALFONSO LACSON, JR.,

Defendants.

NO. CR02-260P

SECOND SUPERSEDING  
INDICTMENT

THE GRAND JURY CHARGES THAT:

I.

COUNT 1  
(Conspiracy)

From in or about 1995, and continuing thereafter until the present, at Seattle, Bellevue, and Bainbridge Island, at other places within the Western District of Washington, and elsewhere, the defendants, KEVIN L. LAWRENCE, STEVEN J. REIMER, MICHAEL J. CULP, LARRY L. BEAMAN, HARVEY W. KUIKEN, ALEX LACSON, and ALFONSO LACSON, JR., together with other persons known and unknown to the Grand Jury, did unlawfully, willfully, and knowingly combine, conspire, confederate and agree among themselves and each other to commit certain offenses against the United States, as follows:

1    A.    INTRODUCTION

2           1.       Health Maintenance Centers, Inc. ("HMC"), was incorporated in  
3   Washington State on or about May 12, 1995, and was administratively dissolved and  
4   reinstated at various times throughout the period from on or about December 6, 1995,  
5   through on or about October 30, 2000. At all times material to this Indictment, defendant  
6   KEVIN L. LAWRENCE was the founder and principal officer of HMC. Donavon C.  
7   Claflin was the Treasurer of HMC and the authorized signer for many of the bank  
8   accounts associated with HMC. From in or around September 2000 through in or around  
9   January 2002, Kevin McCarthy was the head of HMC's investor relations department.  
10   During at least a portion of this time period, defendant STEVEN J. REIMER worked in  
11   HMC's investor relations department. On or about May 16, 2001, defendant  
12   MICHAEL J. CULP was appointed as a director of HMC. The Articles of Incorporation  
13   for HMC provided that the corporate purposes of HMC were "[t]o operate health and  
14   exercise clubs, and related facilities" and "[t]o engage in any business, trade or activity  
15   which may be conducted lawfully by a corporation organized under the Washington State  
16   Business Corporation Act." The Articles of Incorporation for HMC also provided that  
17   "[t]his corporation is authorized to issue 10,000 shares of common stock and each share  
18   shall have a par value of \$1.00." On February 5, 1997, HMC filed Articles of  
19   Amendment that provided, among other things, that "[t]his corporation is authorized to  
20   issue 15,000,000 shares of common stock and each share shall have a par value of \$1.00."  
21   On or about December 26, 2001, HMC ceased to exist as a Washington State corporation  
22   and merged with a Delaware corporation known as HMC Acquisition Corp., a wholly-  
23   owned subsidiary of Znetix, Inc. Also on or about December 26, 2001, HMC Acquisition  
24   Corp. changed its name to Health Maintenance Centers, Inc.

25           2.       Project X, Inc., was incorporated in the State of Washington on  
26   November 3, 1999. On October 3, 2000, Project X filed Articles of Amendment with the  
27   Washington State Secretary of State changing its name to Znetix, Inc. On or about  
28

1 September 25, 2001, Znetix, Inc., ceased to exist as a Washington State corporation and  
2 merged with a Delaware corporation known as Znetix, Inc.

3 3. From in or about 1995 through in or about January 2002, HMC, Project X,  
4 and Znetix, and affiliated entities, through defendant KEVIN L. LAWRENCE and  
5 various sales agents including defendants STEVEN J. REIMER, MICHAEL J. CULP,  
6 LARRY L. BEAMAN, HARVEY W. KUIKEN, ALEX LACSON, and ALFONSO  
7 LACSON, JR., and other persons known and unknown to the Grand Jury, solicited and  
8 received in excess of \$68 million from investors. At no time were the offers and sales of  
9 securities issued by HMC, Project X, Znetix, and affiliated entities registered with the  
10 United States Securities and Exchange Commission, the State of Washington Department  
11 of Financial Institutions, Securities Division, or with the securities regulatory authorities  
12 in any other state.

13 4. On or about April 9, 2001, the State of Washington Department of Financial  
14 Institutions, Securities Division, issued a Summary Order to Cease and Desist against  
15 HMC and defendant KEVIN L. LAWRENCE. The Cease and Desist Order, among other  
16 things, barred defendant KEVIN L. LAWRENCE and HMC (including HMC's agents  
17 and employees) from selling securities through fraudulent representations and material  
18 omissions, and in violation of the Washington State statutes providing for the registration  
19 of securities prior to their offer and sale.

20 5. Cascade Pointe LLC was a limited liability company formed in Washington  
21 State on or about May 2, 2001. Cascade Pointe of Arizona LLC was a limited liability  
22 company formed in Arizona on or about August 8, 2001. Cascade Pointe of Nevis LLC  
23 was a limited liability company established in the Carribean nation of Nevis on or about  
24 July 26, 2001.<sup>1</sup> Clifford G. Baird was the manager of Cascade Pointe from on or about  
25 June 22, 2001, through in or around January 2002. James N. Wuensche was the Acting  
26 Controller of Cascade Pointe during this same time period. From on or about May 2,

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27  
28 <sup>1</sup> Cascade Pointe LLC, Cascade Pointe of Arizona LLC, and Cascade Pointe of Nevis  
LLC are collectively referenced in this Indictment as "Cascade Pointe."

1 2001, through in or around January 2002, defendant KEVIN L. LAWRENCE, along with  
2 Kevin McCarthy and other persons known and unknown to the Grand Jury, secretly  
3 controlled and directed the activities of Cascade Pointe.

4 6. From on or about May 2, 2001, through in or around January 2002, Cascade  
5 Pointe, through defendant KEVIN L. LAWRENCE and various sales agents including  
6 defendants STEVEN J. REIMER, MICHAEL J. CULP, LARRY L. BEAMAN,  
7 HARVEY W. KUIKEN, ALEX LACSON, and ALFONSO LACSON, JR., and others  
8 known and unknown to the Grand Jury, solicited and received in excess of \$12 million  
9 from investors. At no time were the offers and sales of securities issued by Cascade  
10 Pointe and affiliated entities registered with the United States Securities and Exchange  
11 Commission, the State of Washington Department of Financial Institutions, Securities  
12 Division, or with the securities regulatory authorities in any other state.

13 B. OBJECTS OF THE CONSPIRACY

14 The objects of the conspiracy were as follows:

15 1. To unlawfully, knowingly, and willfully, directly and indirectly, by the use  
16 of means and instrumentalities of interstate commerce, and of the mails, use and employ,  
17 in connection with the purchases and sales of securities, manipulative and deceptive  
18 devices and contrivances, by (a) employing devices, schemes, and artifices to defraud;  
19 (b) making untrue statements of material facts and omitting to state material facts  
20 necessary to make the statements made, in light of the circumstances in which they were  
21 made, not misleading; and (c) engaging in acts, practices, and courses of business which  
22 operated and would operate as a fraud and deceit upon other persons, in violation of  
23 Title 15, United States Code, Sections 78j(b) and 78ff(a), and Title 17, Code of Federal  
24 Regulations, Section 240.10b-5;

25 2. To knowingly and willfully transmit and cause to be transmitted by wire  
26 communication in interstate and foreign commerce writings, signs, signals, pictures, and  
27 sounds in furtherance of a scheme and artifice to defraud and for obtaining money and  
28

1 property by means of false and fraudulent pretenses, representations, and promises, in  
2 violation of Title 18, United States Code, Section 1343;

3 3. To knowingly and willfully use and cause the United States mail and  
4 interstate couriers to be used in furtherance and execution of a scheme and artifice to  
5 defraud, and a scheme and artifice for obtaining money and property by means of false  
6 and fraudulent pretenses, representations and promises, in violation of Title 18,  
7 United States Code, Section 1341;

8 4. To knowingly and willfully, directly and indirectly, make use of means and  
9 instruments of transportation and communication in interstate commerce and of the mails  
10 to sell securities for which no registration statement was in effect, in violation of Title 15,  
11 United States Code, Sections 77e(a)(1) and 77x;

12 5. To conduct and attempt to conduct financial transactions affecting interstate  
13 commerce involving the proceeds of specified unlawful activities, that is mail fraud, wire  
14 fraud, and securities fraud, knowing that the property involved in the financial  
15 transactions represented the proceeds of some form of unlawful activity, and knowing  
16 that the transactions were designed in whole and in part to conceal and disguise the  
17 nature, the location, the source, the ownership, and the control of the proceeds of  
18 specified unlawful activities, in violation of Title 18, United States Code, Section  
19 1956(a)(1)(B)(i); and

20 6. To knowingly and willfully engage and attempt to engage in monetary  
21 transactions by, through, and to financial institutions, which monetary transactions  
22 affected interstate and foreign commerce, in criminally derived property of a value  
23 greater than \$10,000, such property having been derived from specified unlawful  
24 activities, that is, securities fraud, wire fraud, and mail fraud, in violation of Title 18,  
25 United States Code, Section 1957.

26 C. MANNER AND MEANS OF THE CONSPIRACY

27 1. It was a part of the conspiracy and scheme to defraud that defendants  
28 KEVIN L. LAWRENCE, STEVEN J. REIMER, MICHAEL J. CULP, LARRY L.

1 BEAMAN, HARVEY W. KUIKEN, ALEX LACSON, and ALFONSO LACSON, JR.,  
2 and other persons known and unknown to the Grand Jury, knowingly and willfully  
3 offered and sold, caused to be offered and sold, and aided and abetted the offer and sale  
4 of, securities issued by HMC, Project X, Znetix, Cascade Pointe, and affiliated entities to  
5 thousands of investors located in Washington State and other states by means of false and  
6 fraudulent statements, representations, promises, and pretenses, including, but not limited  
7 to, the false and fraudulent statements that:

8 a. investors who purchased the securities of HMC for one dollar per  
9 share would receive four shares of Znetix for each share of HMC;

10 b. Znetix would imminently engage in an Initial Public Offering  
11 ("IPO"), after which Znetix securities could be freely traded on exchanges such as  
12 NASDAQ;

13 c. Znetix shares would be valued at substantially more than one dollar  
14 per share after the IPO;

15 d. Znetix had retained prominent investment banking and underwriting  
16 firms who were working on the IPO;

17 e. Znetix had filed or would very shortly file a registration statement  
18 with the United States Securities and Exchange Commission;

19 f. HMC and Znetix had developed proprietary medical and fitness  
20 software and equipment which would generate substantial revenues;

21 g. Znetix had sold or would shortly sell licenses for approximately one  
22 million dollars apiece to operate health and fitness clubs throughout the United States;

23 h. leading sports and entertainment figures had agreed to purchase or  
24 license health and fitness clubs from Znetix;

25 i. defendant KEVIN L. LAWRENCE had previously been employed  
26 with the firm Morgan Stanley in Japan;

27 j. Znetix would receive \$500 million from an investor group from  
28 China;

1 k. Znetix or an affiliate had or was about to obtain a contract with the  
2 United States Department of Defense worth millions or even billions of dollars;

3 l. defendant KEVIN L. LAWRENCE owned millions of shares in  
4 HMC and had to sell a substantial portion of these shares because securities regulators  
5 would not allow him to hold a majority interest in both HMC and Znetix;

6 m. defendant KEVIN L. LAWRENCE was not receiving any  
7 compensation from HMC and Znetix;

8 n. funds received from investors in Znetix would be placed in an  
9 escrow account and released to Znetix only after Znetix fulfilled the fundraising goals set  
10 forth in its private placement memorandum;

11 o. Cascade Pointe was a private investment firm under management  
12 separate and apart from HMC;

13 p. Cascade Pointe was one of the nation's leading private investment  
14 firms, and employed investment strategies based on "diversification" and "rock-solid  
15 financials";

16 q. Cascade Pointe would and had the ability to fund, by means of cash  
17 or credit, a "rescission offer" to be made by HMC to its investors, which rescission offer  
18 would afford HMC investors the opportunity to choose between a refund of their  
19 investments or keeping their investments with HMC in place, and was a final step before  
20 the Znetix IPO;

21 r. the rescission offer, and therefore the Znetix IPO, was imminent;

22 s. Cascade Pointe would operate health and fitness clubs in Arizona  
23 and in international locations such as Japan, and would receive tens of millions of dollars  
24 of revenue;

25 t. investors who received "units" in Cascade Pointe would receive  
26 more than one share of HMC in exchange for each unit, and would later receive four  
27 shares of Znetix for each HMC share;

1           u.       the defendants had invested substantial personal funds in HMC,  
2 Znetix, Cascade Pointe, and affiliated entities; and

3           v.       only limited quantities of HMC, Znetix, and Cascade Pointe  
4 securities were available.

5           2.       It was a part of the conspiracy and scheme to defraud that in the offer and  
6 sale of the securities issued by HMC, Project X, Znetix, Cascade Pointe, and affiliated  
7 entities, defendants KEVIN L. LAWRENCE, STEVEN J. REIMER, MICHAEL J.  
8 CULP, LARRY L. BEAMAN, HARVEY W. KUIKEN, ALEX LACSON, and  
9 ALFONSO LACSON, JR., and other persons known and unknown to the Grand Jury,  
10 knowingly and willfully failed to truthfully and accurately disclose in a registration  
11 statement, prospectus, private placement memorandum or in any other form material  
12 facts, including but not limited to:

13           a.       the uses to which investors' money would be put, including that  
14 investors' money had been and would be used for the personal benefit of defendants  
15 KEVIN L. LAWRENCE, STEVEN J. REIMER, MICHAEL J. CULP, LARRY L.  
16 BEAMAN, HARVEY W. KUIKEN, ALEX LACSON, and ALFONSO LACSON, JR.,  
17 including for living expenses and the purchase of millions of dollars worth of luxury cars,  
18 boats, homes, and other items for the personal use of defendants and other persons known  
19 and unknown to the Grand Jury,

20           b.       the financial condition of HMC, Project X, Znetix, Cascade Pointe,  
21 and affiliated entities;

22           c.       the lack of financial controls at HMC, Project X, Znetix, Cascade  
23 Pointe, and affiliated entities;

24           d.       the compensation to be received by defendants KEVIN L.  
25 LAWRENCE, STEVEN J. REIMER, MICHAEL J. CULP, LARRY L. BEAMAN,  
26 HARVEY W. KUIKEN, ALEX LACSON, and ALFONSO LACSON, JR., and others  
27 associated with HMC, Project X, Znetix, Cascade Pointe, and affiliated entities;  
28



1 e. that HMC, Project X, Znetix, and Cascade Pointe were under  
2 common management and control;

3 f. that Znetix could not receive funds under its purported \$500 million  
4 "debenture contract" with an investment group from China unless Znetix first made \$500  
5 million available to that investment group;

6 g. that HMC had sold more than its authorized amount of shares.

7 3. It was a part of the conspiracy and scheme to defraud that defendants  
8 KEVIN L. LAWRENCE, STEVEN J. REIMER, MICHAEL J. CULP, LARRY L.  
9 BEAMAN, HARVEY W. KUIKEN, ALEX LACSON, and ALFONSO LACSON, JR.,  
10 and other persons known and unknown to the Grand Jury, used funds received from  
11 investors for personal use, including for living expenses and for the purchase of luxury  
12 cars, boats, homes, jewelry, and other items, and for other purposes not disclosed to  
13 investors.

14 4. It was a part of the conspiracy and scheme to defraud that defendants  
15 KEVIN L. LAWRENCE, STEVEN J. REIMER, MICHAEL J. CULP, LARRY L.  
16 BEAMAN, HARVEY W. KUIKEN, ALEX LACSON, and ALFONSO LACSON, JR.,  
17 and other persons known and unknown to the Grand Jury, established and used a series of  
18 shell companies in Nevada, Hawaii, in the Carribean nation of Nevis, and elsewhere, to  
19 promote the scheme and to conceal the nature, location, source, ownership, and control of  
20 funds.

21 5. It was a part of the conspiracy and scheme to defraud that defendant  
22 KEVIN L. LAWRENCE, and other persons known and unknown to the Grand Jury,  
23 promoted the scheme by causing Znetix to sponsor hydroplane and offshore racing boats,  
24 the Seattle Mariners major league baseball team, and other prominent organizations and  
25 events, by hosting lavish parties in Los Angeles and elsewhere, and by touting the  
26 company's purported affiliations with celebrities and professional athletes.

27 6. It was a part of the conspiracy and scheme to defraud that defendants  
28 KEVIN L. LAWRENCE, STEVEN J. REIMER, MICHAEL J. CULP, LARRY L.

1 BEAMAN, HARVEY W. KUIKEN, ALEX LACSON, and ALFONSO LACSON, JR.,  
2 and other persons known and unknown to the Grand Jury, paid employees, consultants,  
3 and sales agents of Znetix, Project X, HMC, Cascade Pointe, and affiliated entities  
4 outrageously high salaries, commissions, and other compensation, including in the form  
5 of cash, homes, luxury cars, and other items, to work, wittingly and unwittingly, in  
6 furtherance of the conspiracy and scheme to defraud.

7 7. It was a part of the conspiracy and scheme to defraud to make false and  
8 misleading statements to the State of Washington Department of Financial Institutions,  
9 Securities Division, the United States Securities and Exchange Commission, the Federal  
10 Bureau of Investigation, and others with regard to the activities of HMC, Project X,  
11 Znetix, Cascade Pointe, and those affiliated with them.

12 8. It was a part of the conspiracy and scheme to defraud that defendants  
13 KEVIN L. LAWRENCE, STEVEN J. REIMER, MICHAEL J. CULP, LARRY L.  
14 BEAMAN, HARVEY W. KUIKEN, ALEX LACSON, and ALFONSO LACSON, JR.,  
15 and other persons known and unknown to the Grand Jury, employed multi-level  
16 marketing techniques and various sales agents to offer and sell the securities of HMC,  
17 Project X, Znetix, Cascade Pointe and affiliated entities, to over five thousand investors  
18 located throughout the United States.

19 9. It was a part of the conspiracy and scheme to defraud that defendants  
20 KEVIN L. LAWRENCE, STEVEN J. REIMER, MICHAEL J. CULP, LARRY L.  
21 BEAMAN, HARVEY W. KUIKEN, ALEX LACSON, and ALFONSO LACSON, JR.,  
22 and other persons known and unknown to the Grand Jury, lulled and attempted to lull  
23 investors, through oral and written communications containing false and misleading  
24 statements, into believing that their investments with HMC, Project X, Znetix, Cascade  
25 Pointe, and affiliated entities would result in the creation of significant wealth.

26 D. OVERT ACTS

27 In furtherance of the conspiracy, and to promote the objects thereof, defendants  
28 KEVIN L. LAWRENCE, STEVEN J. REIMER, MICHAEL J. CULP, LARRY L.

1 BEAMAN, HARVEY W. KUIKEN, ALEX LACSON, and ALFONSO LACSON, JR.,  
2 and other persons known and unknown to the Grand Jury, committed and caused to be  
3 committed, among others, the overt acts described in Counts 2 through 114 of this  
4 Indictment, and the following:

5 1. On or about August 27, 1997, defendant KEVIN L. LAWRENCE signed  
6 check number 1146 in the amount of \$25,263.33, drawn on a U.S. Bank account in the  
7 name of American HMC LLC, payable to John Green for a 1990 Donzi Black Widow  
8 boat.

9 2. On or about April 10, 1998, defendant KEVIN L. LAWRENCE signed  
10 check number 1661 in the amount of \$5,830.34, drawn on a U.S. Bank account in the  
11 name of American HMC LLC, payable to "Brothers" for a 1997 Bombardier jet ski  
12 watercraft.

13 3. On or about April 10, 1998, defendant KEVIN L. LAWRENCE signed  
14 check number 1659 in the amount of \$7,226.15, drawn on a U.S. Bank account in the  
15 name of American HMC LLC, payable to "Brothers" for a 1998 Bombardier jet ski  
16 watercraft.

17 4. On or about March 26, 1999, defendant KEVIN L. LAWRENCE signed  
18 check number 7664 in the amount of \$93,337.05, drawn on a U.S. Bank account in the  
19 name of Health Maintenance Centers, Inc., payable to Fitzgerald Motor Sports for a 1999  
20 Dodge Viper automobile.

21 5. On or about April 12, 1999, defendant KEVIN L. LAWRENCE signed  
22 check number 7707 in the amount of \$51,648.00, drawn on a U.S. Bank account in the  
23 name of Health Maintenance Centers, Inc., payable to Fitzgerald Motor Sports for a 1994  
24 Dodge Viper automobile.

25 6. On or about June 6, 1999, defendant KEVIN L. LAWRENCE signed check  
26 number 7731 in the amount of \$37,435.17, drawn on a U.S. Bank account in the name of  
27 Health Maintenance Centers, Inc., payable to Courtesy Ford for a 1999 Ford F350 pickup  
28 truck.

1           7.     On or about August 18, 1999, defendant KEVIN L. LAWRENCE signed  
2 check number 7749 in the amount of \$108,500, drawn on a U.S. Bank account in the  
3 name of Health Maintenance Centers, Inc., payable to John Hennessy for work performed  
4 on defendant KEVIN L. LAWRENCE's vehicles.

5           8.     On or about August 19, 1999, defendant KEVIN L. LAWRENCE signed  
6 check number 7793 in the amount of \$119,950, drawn on a U.S. Bank account in the  
7 name of Health Maintenance Centers, Inc., payable to David Golder for a 1996 Dodge  
8 Viper automobile.

9           8.1.   On or about December 24, 1999, defendant ALEX LACSON received  
10 \$3,000 in "performance pay" from an account at U.S. Bank in the name of Bainbridge  
11 Human Performance Center PLLC.

12           9.     On or about February 24, 2000, defendant KEVIN L. LAWRENCE  
13 authorized a wire transfer in the amount of \$66,000, from a U.S. Bank account in the  
14 name of Health Maintenance Centers, Inc., to Roby Autogroup, Inc., for a 1999 Ferrari  
15 F355 CV Spider automobile.

16           9.1.   On or about March 16, 2000, defendant ALFONSO LACSON, JR.  
17 deposited to his personal account at Wells Fargo Bank (account number 428667422) a  
18 check in the amount of \$15,000 from investors Mark and Tamaraja Degross; the memo  
19 line of the check stated that the check was for "HMC stock shares."

20           9.2.   On or about March 16, 2000, defendant ALFONSO LACSON, JR. wrote a  
21 check in the amount of \$18,374.18 from his personal account at Wells Fargo Bank  
22 (account number 428667422) payable to Lee Johnson Chevrolet.

23           10.    On or about March 30, 2000, defendant KEVIN L. LAWRENCE  
24 authorized a wire transfer in the amount of \$292,652, from a U.S. Bank account in the  
25 name of Health Maintenance Centers, Inc., to National Auto Wholesale for a 2000  
26 Cigarette boat.

1 10.1. On or about April 1, 2000, defendant KEVIN L. LAWRENCE and Rick  
2 Sato, another individual affiliated with Project X, signed a letter addressed to CMMP  
3 Investments stating that:

4 In lieu of the legal jargon used and depicted throughout the  
5 Private Placement Memorandum, this letter serves to clarify  
and guarantee the following representations:

6 Your investment into Project X, Inc. must legally be held and  
7 not dispersed until the filing has been completed.

8 Project X, Inc. has neither plan nor ability to remain a  
9 privately held corporation. Its full need and use of the money  
raised from this private offering is to launch the publicly  
traded corporation.

10 If for some unforeseen reason Project X, Inc. is unable to  
11 register and trade as a public company, your initial investment  
dollars will be returned to you plus 8% APR.

12 In closing this is a guarantee from Project X, Inc. and a  
13 personal guarantee from Kevin Lawrence and Rick Sato. I  
hope this adequately addresses your questions.

14 11. On or about June 15, 2000, defendant KEVIN L. LAWRENCE sent a  
15 memorandum to "The Qualified Investor" in which he stated:

16 Znetix, Inc., a Washington corporation, is acquiring HMC,  
17 Inc. (d.b.a. Human Performance Centers) with a stock  
purchase. The valuation of HMC, Inc. has been accepted by  
18 the Board of Directors of Znetix, Inc. Znetix, Inc. offers to  
HMC, Inc. for consideration of its value, four (4) shares of  
19 Znetix, Inc. Common Stock, or equivalent, for every one (1)  
share of HMC, Inc. Common Stock. This conversion is  
20 applicable to all shareholders with the date of record from  
January 1, 1999 through the present.

21 12. On or about June 16, 2000, defendant KEVIN L. LAWRENCE  
22 countersigned a letter addressed to him from Keith Falls of SPI Silver Pointe Investments  
23 LLC ("Silver Pointe"), pursuant to which defendant KEVIN L. LAWRENCE represented  
24 that Silver Pointe would be able to exchange 400,000 HMC shares for 1,600,000 shares  
25 of Znetix, and that "[i]t will be announced next week that Znetix, Inc. will be offered in  
26 an IPO later this year and based on today's market conditions you and your board of  
27 advisors expect a low end strike price to be between \$12-20 dollars per share."  
28

1           13.    On or about June 26, 2000, defendant KEVIN L. LAWRENCE caused the  
2 purchase of a U.S. Bank cashier's check in the amount of \$25,000, payable to Europa for  
3 a 2000 Mercedes Benz 500CV automobile.

4           13.1. On or about July 13, 2000, defendant ALEX LACSON received \$20,000 in  
5 "performance pay" from an account at U.S. Bank in the name of Health Maintenance  
6 Centers, Inc.

7           14.    On or about August 11, 2000, defendant KEVIN L. LAWRENCE  
8 authorized a wire transfer in the amount of \$325,000, from a U.S. Bank account in the  
9 name of Health Maintenance Centers, Inc., to Lake Cumberland Marine for a 1999  
10 Cigarette boat.

11          14.1. On or about August 17, 2000, defendant ALFONSO LACSON, JR.  
12 received a payment of \$15,121.44 from an account at U.S. Bank in the name of  
13 Bainbridge Human Performance Center PLLC.

14          15.    On or about September 10, 2000, defendant KEVIN L. LAWRENCE  
15 signed check number 8402 in the amount of \$135,755, drawn on a U.S. Bank account in  
16 the name of Health Maintenance Centers, Inc., dba Kevin Lawrence, Inc., payable to  
17 Europa International, Inc., for a 2000 Mercedes Benz 500CV automobile.

18          16.    On or about September 15, 2000, defendant KEVIN L. LAWRENCE sent a  
19 memorandum to Gary Engen, an investor, answering two questions posed by that investor  
20 as follows:

21                The answers to your two general questions are as follows:

22                1.    What type of escrow account are the Znetix private  
23 placement funds held in?

24                Znetix private placement funds are in the control of the legal  
25 firms handling our stock offering. When Znetix receives  
26 funds, the checks are photocopied and one is sent to the Stock  
27 Transfer Company, Znetix holds one and the original check is  
28 controlled by the legal group. When Znetix has finished  
raising its offering amount, the legal group will file with the  
SEC in each of the states the funding came from. When this  
intern [sic] mechanics if [sic] finished, the funds are released  
to Znetix to be used as described in its private placement  
memorandum. This process is very strict and allows no gray  
area. That is why there are three independent entities, which

1 control the access to funds and stock. One is the legal group,  
2 one is Znetix and one is the Stock Transfer Company.

3 2. What is the likelihood that an action could slow or stop  
4 the funds from being released to Znetix?

5 There is virtually no situation to stop the funds from being  
6 released. It is a very closely monitored process and the funds  
7 belong to Znetix from the onset. The escrow system is just  
8 one step more secure than that of a real estate escrow account  
9 and that step being the legal control of the account. However,  
10 it is no different than a real estate account when it comes to  
11 the release of the funds. The funds belong to the parties  
12 involved in the transaction, not the escrow or legal  
13 companies, therefore when the documentation is signed, the  
14 funds are available.

15 I allow two weeks or so to give the parties involved time to  
16 finish the internal paperwork shuffling that happens in all  
17 business transactions. Also, I always assume absenteeism due  
18 to sickness and such as well as mail and bank slow downs.  
19 Having contingencies built into the time schedule is prudent  
20 when dealing with more than one individual. This is why I  
21 always give two weeks as a buffer for any working  
22 arrangements dealing with escrows or SEC funding  
23 assignments.

24 Conclusion:

25 I am so secure about the absolute conclusion of the Znetix  
26 funds release I will warrant or pledge my entire ownership in  
27 Znetix as well as my personal assets against the event  
28 happening as I have depicted.

Thank you for your help and call me if you have further  
questions.

16.1. On or about October 16, 2000, defendant ALEX LACSON received  
\$13,000 in "performance pay" from an account at U.S. Bank in the name of Health  
Maintenance Centers, Inc.

17. On or about October 18, 2000, defendant KEVIN L. LAWRENCE  
authorized a wire transfer in the amount of \$25,000, from a U.S. Bank account in the  
name of Health Maintenance Centers, Inc., to Motorcars International, Inc., for a 2001  
Lamborghini Diablo automobile.

1       17.1. On or about November 1, 2000, defendant KEVIN L. LAWRENCE  
2 directed the destruction of records following the service of a subpoena issued by the State  
3 of Washington Department of Financial Institutions, Securities Division.

4       17.2. On or about November 3, 2000, defendant ALFONSO LACSON, JR.  
5 received a payment of \$20,907.89 from an account at U.S. Bank in the name of  
6 Bainbridge Human Performance Center PLLC.

7       18. On or about November 7, 2000, defendant KEVIN L. LAWRENCE  
8 authorized check number 3022 in the amount of \$100,000, drawn on an account of  
9 Project X, Inc., at U.S. Bank, payable to Land Title for property in Poulsbo, Washington.

10       18.1. On or about November 9, 2000, defendant ALFONSO LACSON, JR.  
11 received a payment of \$11,002.52 from an account at U.S. Bank in the name of  
12 Bainbridge Human Performance Center PLLC.

13       19. On or about November 15, 2000, defendant KEVIN L. LAWRENCE  
14 authorized check number 3014 in the amount of \$100,000, drawn on an account at U.S.  
15 Bank, in the name of Project X, Inc., payable to the wife of an individual affiliated with  
16 Znetix located in Los Angeles, California.

17       20. On or about December 27, 2000, defendant KEVIN L. LAWRENCE  
18 caused the purchase of cashier's check number 5021882717 in the amount of \$25,000,  
19 with funds from a U.S. Bank account in the name of Project X, Inc., payable to Executive  
20 Auto Consultants for a 2000 Mercedes G500 automobile.

21       21. On or about January 5, 2001, defendant KEVIN L. LAWRENCE  
22 authorized a wire transfer in the amount of \$90,000, from a U.S. Bank account in the  
23 name of Project X, Inc., to a bank account held by Plaza Motor Company for a 2001  
24 Porsche 911 Carrera Cabriolet.

25       22. On or about February 9, 2001, defendant KEVIN L. LAWRENCE  
26 authorized a wire transfer in the amount of \$20,000, from a First Mutual Bank account in  
27 the name of Health Maintenance Centers, Inc.- American Integrated Health, to Bank of  
28



1 Hawaii in Honolulu for credit to an account in the name of Title Guaranty Escrow  
2 Services.

3 23. On or about February 9, 2001, defendant KEVIN L. LAWRENCE  
4 authorized an unnumbered counter check in the amount of \$12,999.21, drawn on a First  
5 Mutual Bank account in the name of Health Maintenance Centers, Inc.- American  
6 Integrated Health, payable to Executive Auto Consultants for accessories for a 2000  
7 Mercedes Benz G500 automobile.

8 24. On or about February 14, 2001, defendant KEVIN L. LAWRENCE  
9 authorized check number 1014 in the amount of \$5000, drawn on a First Mutual Bank  
10 account in the name of Health Maintenance Centers, Inc.- American Integrated Health,  
11 payable to Executive Auto for a 2000 Mercedes Benz G500 automobile.

12 25. On or about February 26, 2001, defendant KEVIN L. LAWRENCE  
13 authorized a wire transfer in the amount of \$85,000, from a First Mutual Bank account in  
14 the name of Health Maintenance Centers, Inc.- American Integrated Health, payable to  
15 Executive Auto Consultants for a 2000 Mercedes Benz G500 automobile.

16 26. On or about March 1, 2001, defendant KEVIN L. LAWRENCE signed  
17 check number 5146 in the amount of \$80,000, drawn on a Bank of America account in  
18 the name of Bainbridge Human Performance Center PLLC, for the purchase of cashier's  
19 check number 3410121573, which was used for property in Princeville, Hawaii.

20 26.1. On or about March 5, 2001, defendant ALFONSO LACSON, JR. received  
21 a payment of \$100,000 from an account at First Mutual Bank in the name of HMC, Inc. –  
22 American Integrated Health.

23 26.2. On or about March 5, 2001, defendant ALFONSO LACSON, JR. received  
24 a payment of \$30,000 from an account at First Mutual Bank in the name of HMC, Inc. –  
25 American Integrated Health.

26 26.3. On or about March 9, 2001, defendant ALFONSO LACSON, JR. received  
27 a payment of \$14,051.62 from an account at Bank of America in the name of Bainbridge  
28 Human Performance Center PLLC.

1       27.     On or about March 23, 2001, defendant KEVIN L. LAWRENCE  
2 authorized a wire transfer in the amount of \$725,000, from a First Mutual Bank account  
3 in the name of Health Maintenance Centers, Inc.- American Integrated Health, to Title  
4 Guaranty Escrow Services for property in Princeville, Hawaii.

5       28.     On or about March 26, 2001, defendant KEVIN L. LAWRENCE  
6 authorized a wire transfer in the amount of \$90,000, from a First Mutual Bank account in  
7 the name of Health Maintenance Centers, Inc.- American Integrated Health, to Hall  
8 Pantera, Inc., for a 1972 DeTomaso Pantera automobile.

9       29.     On or about March 27, 2001, defendant KEVIN L. LAWRENCE  
10 authorized a wire transfer in the amount of \$600,000, from a First Mutual Bank account  
11 in the name of Health Maintenance Centers, Inc.- American Integrated Health, to  
12 SkyPrints for a residence for a Znetix fundraiser located in St. Louis, Missouri.

13       30.     On or about March 27, 2001, defendant KEVIN L. LAWRENCE  
14 authorized a wire transfer in the amount of \$124,653, from a First Mutual Bank account  
15 in the name of Health Maintenance Centers, Inc.-American Integrated Health, to a bank  
16 account held by Steve Taub, Inc., for the purchase of a 2001 Porsche 911 Cabriolet for  
17 the wife of an individual affiliated with Znetix located in Los Angeles, California.

18       30.1.   On or about April 3, 2001, defendant HARVEY W. KUIKEN signed check  
19 number 1137 in the amount of \$30,000, drawn on a U.S. Bank account in the name of  
20 Growth International, a company controlled by KUIKEN that contained investor funds  
21 raised by KUIKEN and others, payable to Lark 1 LLC as part of a down payment toward  
22 the purchase of a multimillion dollar property in Newcastle, Washington.

23       31.     On or about April 6, 2001, defendant KEVIN L. LAWRENCE authorized a  
24 wire transfer in the amount of \$174,698.75, from a First Mutual Bank account in the  
25 name of Health Maintenance Centers, Inc.- American Integrated Health, to The Bank of  
26 Nova Scotia, Nassau, Bahamas, for account number 6077-18 in the name of Graham,  
27 Thompson & Co.  
28

1       32. On or about April 17, 2001, defendant KEVIN L. LAWRENCE authorized  
2 check number 1096 in the amount of \$330,000, drawn on a First Mutual Bank account in  
3 the name of Health Maintenance Centers, Inc.- American Integrated Health, payable to  
4 Lido Jewelry for the purchase of a seven carat diamond ring.

5       32.1. On or about April 19, 2001, defendant MICHAEL J. CULP was issued  
6 2,500,000 shares of HMC backdated to on or about June 16, 2000.

7       33. On or about May 2, 2001, defendant KEVIN L. LAWRENCE and other  
8 persons known and unknown to the Grand Jury caused the formation of Cascade Pointe  
9 LLC as a Washington State limited liability company.

10       33.1. On or about May 15, 2001, defendant KEVIN L. LAWRENCE, as Director  
11 and Chairman of the Board of HMC, executed a document entitled "Consent in Lieu of  
12 Special Meeting of Directors of HMC, Inc., Expansion of Board of Directors," that added  
13 defendant MICHAEL CULP and another person as directors of HMC.

14       33.2. On or about May 16, 2001, defendant MICHAEL J. CULP, as a director of  
15 HMC, executed a document entitled "Consent in Lieu of Special Meeting of Directors of  
16 HMC, Inc., Expansion of Board of Directors," that added himself and another person as  
17 directors of HMC along with defendant KEVIN L. LAWRENCE.

18       33.3. On or about May 30, 2001, defendant HARVEY W. KUIKEN authorized a  
19 wire transfer in the amount of \$25,000 from a U.S. bank account in the name of  
20 Morningstar Growth International, a company controlled by KUIKEN that contained  
21 investor funds raised by KUIKEN and others, to an account held at SKNA National Bank  
22 Ltd, in the name of Nevis American Trust Co., Ltd.

23       33.4. On or about June 6, 2001, defendant HARVEY W. KUIKEN authorized a  
24 wire transfer in the amount of \$25,000 from a U.S. bank account in the name of  
25 Morningstar Growth International to an account held at SKNA National Bank Ltd, in the  
26 name of Nevis American Trust Co., Ltd.

27       33.5. On or about June 9, 2001, defendant HARVEY W. KUIKEN authorized the  
28 issuance of check number 7009 in the amount of \$26,291.85, drawn on a U.S. Bank

1 account in the name of Morningstar Growth International, payable to Aero Air for a  
2 private charter aircraft trip to Wilmar, Nassau, Fort Lauderdale, Sarasota, Las Vegas, and  
3 Colorado Springs during June 10, 2001, to June 19, 2001.

4 33.6. On or about June 25, 2001, defendant HARVEY W. KUIKEN signed check  
5 number 5003 in the amount of \$100,000, drawn on a U.S. Bank account in the name of  
6 Growth International, payable to Lark 1 LLC as part of a down payment toward the  
7 purchase of a multimillion dollar property in Newcastle, Washington.

8 34. On or about June 26, 2001, defendant KEVIN L. LAWRENCE and  
9 Clifford G. Baird signed a "letter of intent" purporting to commit Cascade Pointe to  
10 provide \$35 million to fund a rescission offer to be made by HMC to investors.

11 35. On or about June 26, 2001, Clifford G. Baird sent a letter to Cascade Pointe  
12 investors requesting that the investors not "discuss any information relating to Cascade  
13 Pointe, HMC, or Znetix with any party whatsoever," and requesting that the investors  
14 sign a non-disclosure agreement, which would allow them to receive "a research report  
15 regarding Znetix" written by "Sanjoy Bhattacharya [sic], a former analyst with Goldman  
16 Sachs & Company."

17 35.1. On or about June 29, 2001, defendant HARVEY W. KUIKEN signed check  
18 number 7014 in the amount of \$28,000, drawn on a U.S. Bank account in the name of  
19 Morningstar Growth International, payable to John Ogwel Nyangwatho for gemstones.

20 36. On or about July 2, 2001, Clifford G. Baird received a letter from Julie S.  
21 Mills falsely stating that Palledium Capital Partners, Ltd., of Nevis would provide  
22 Cascade Pointe with a \$5 million line of credit for an up front fee of \$175,000.

23 37. On or about July 2, 2001, a wire transfer was authorized in the amount of  
24 \$250,000, with funds from Bank of America account number 62577507 in the name of  
25 Cascade Pointe LLC, to Silverdale State Bank, for account number 04022995 in the name  
26 of Bainbridge HPC.

27 38. On or about July 5, 2001, persons affiliated with Cascade Pointe known and  
28 unknown to the Grand Jury established a web site known as [www.cascadepointe.com](http://www.cascadepointe.com)

1 with content that included the false statements that Cascade Pointe was one of the nation's  
2 leading private investment firms and employed investment strategies based on  
3 "diversification" and "rock-solid financials."

4 38.1. On or about July 5, 2001, defendant ALFONSO LACSON, JR. and another  
5 sales agent sold investor Thomas Riccolo 75,000 shares of stock in Human Performance  
6 Centers, Inc. ("HPC"), a company affiliated with HMC, for \$75,000, which HPC stock  
7 would purportedly be converted to Znetix stock.

8 39. On or about July 11, 2001, Clifford G. Baird received a letter from Julie S.  
9 Mills falsely stating that Rutherford, York & Baxter, Ltd., of Nevis would provide  
10 Cascade Pointe with a \$10 million line of credit for an up front fee of \$200,000.

11 40. On or about July 11, 2001, Clifford G. Baird sent a letter to investors  
12 stating, among other things, "[p]lease read the enclosed summary and analysis of Znetix  
13 as done by a former Goldman Sachs analyst. This should really excite you."

14 41. On or about July 12, 2001, Clifford G. Baird sent a letter to investors falsely  
15 stating, among other things, that:

16 a. the contract between HMC and Cascade Pointe "discloses in excess  
17 of \$60 million in promissory notes due to HMC, Inc. by other companies";

18 b. Cascade Pointe "has been awarded the state of Arizona by Znetix.  
19 The anticipated annual revenues will be between \$50 million and \$100 million within the  
20 first five years of operation";

21 c. Cascade Pointe "will also be participating in some portion of the  
22 international markets of the Znetix rollout";

23 d. Cascade Pointe "has secured a \$50 million line of credit from several  
24 private money groups."

25 42. On or about July 12, 2001, Clifford G. Baird received a letter from Julie S.  
26 Mills falsely stating that Winfield & Brundidge Investments, Inc., of Nevis would provide  
27 Cascade Pointe with a \$10 million line of credit for an up front fee of \$150,000.  
28

1           43.    On or about July 12, 2001, Kevin McCarthy sent an e-mail message to  
2 Clifford G. Baird and others stating "[h]ere are the lines of credit. I plan to email these to  
3 Nevis tonight for them to fax back signed tomorrow and fedex originals. Let me know if  
4 you have any changes."

5           43.1   On or about July 12, 2001, defendant HARVEY W. KUIKEN signed check  
6 number 7019 in the amount of \$17,000, drawn on a U.S. Bank account in the name of  
7 Morningstar Growth International, payable to Mary Ogwel for gemstones.

8           43.2   On or about July 13, 2001, defendant KEVIN L. LAWRENCE and Clifford  
9 G. Baird executed a "Stock Purchase Agreement" that purportedly committed Cascade  
10 Pointe to provide \$35 million to fund a rescission offer to be made to HMC investors and  
11 to pay HMC's operating expenses.

12          43.3.   On or about July 13, 2001, defendant ALEX LACSON caused a document  
13 entitled "Agreement to Sell Shares of Stock in Znetix Corporation, a Washington  
14 Corporation" to be sent by facsimile transmission from a place within the Western  
15 District of Washington to investor Greg Arellano of Redwood City, California.

16          44.    On or about July 16, 2001, Clifford G. Baird received a letter from Kim  
17 Singh falsely stating that Hawkins & Holland, Inc., of Nevis would provide Cascade  
18 Pointe with a \$10 million line of credit for an up front fee of \$250,000.

19          45.    On or about July 16, 2001, Clifford G. Baird sent a letter to investors falsely  
20 stating, among other things, that:

21               a.    "On Friday night last, July 13, I signed the final agreement to acquire  
22 HMC, Inc. rescission stock, some assets and some liabilities. This agreement now gives  
23 HMC the ability to start its rescission process by providing the funding necessary for  
24 HMC to purchase back shares as requested"; and

25               b.    "With the retaining of a couple of new Fund Managers as  
26 consultants, we should be able to finish our \$50 million round by the end of the week."  
27  
28

1       46. On or about July 16, 2001, Clifford G. Baird received a letter from Julie S.  
2 Mills falsely stating that Nurrell Marcos Capital, Ltd., of Nevis would provide Cascade  
3 Pointe with a \$10 million line of credit for an up front fee of \$150,000.

4       47. On or about July 20, 2001, defendant KEVIN L. LAWRENCE had a  
5 telephone conversation with Kevin McCarthy in which they discussed having James N.  
6 Wuensche provide false information regarding Cascade Pointe in response to an inquiry  
7 by the State of Washington Department of Financial Institutions, Securities Division.

8       48. On or about July 21, 2001, Clifford G. Baird sent an e-mail message to  
9 investors stating, among other things, that:

10           a. "We are now negotiating to participate in a new foreign opportunity.  
11 We are entering discussions for the very real possibility of Cascade Pointe participating in  
12 the licensing of over 150 health club/fitness centers in Tokyo, Japan. This just continues  
13 to increase your future income stream as a founding member"; and

14           b. "This past week someone gave me a great metaphor about this  
15 journey we have been on. He suggested it was like an Olympic marathon and we have  
16 just entered the Olympic stadium - Wow?"

17       49. On or about July 24, 2001, Clifford G. Baird sent a letter to investors,  
18 stating, among other things, that Cascade Pointe would be moving its "legal venue" to the  
19 Carribean nation of Nevis, and that on or around August 15, 2001, Cascade Pointe would  
20 be "retaining the services of an investment banker like Bear Stearns or Stifel, Nicolaus to  
21 assist us in raising money to build the facilities."

22       50. On or about July 27, 2001, a wire transfer was authorized in the amount of  
23 \$200,000, from Bank of America account number 62577507, in the name of Cascade  
24 Pointe LLC, to Wells Fargo Bank, for account number 3515689010, in the name of  
25 Health Maintenance Centers, Inc.

26       51. On or about July 27, 2001, a wire transfer was authorized in the amount of  
27 \$26,550, from Bank of America account number 62577507, in the name of Cascade  
28

1 Pointe LLC, to SKNA National Bank, for account number 04022995, in the name of  
2 Nevis American Trust, for credit to Cascade Pointe of Nevis LLC.

3 51.1. On or about August 1, 2001, defendant STEVEN J. REIMER signed a  
4 "Nominee Agreement" on behalf of TNT Dynamics, Inc.; with Privatech Group, LLC and  
5 J. A. Fontano, manager of Privatech, for the purpose of concealing REIMER's control of  
6 TNT Dynamics, Inc..

7 52. On or about August 2, 2001, a wire transfer was authorized in the amount of  
8 \$100,000, from Bank of America account number 62577507, in the name of Cascade  
9 Pointe LLC, to Wells Fargo Bank, for account number 3515689010, in the name of  
10 Health Maintenance Centers, Inc.

11 53. On or about August 2, 2001, a wire transfer was authorized in the amount of  
12 \$100,000, from Bank of America account number 62577507, in the name of Cascade  
13 Pointe LLC, to SKNA National Bank, for account number 04022995, in the name of  
14 Nevis American Trust, for credit to Lemur Capital, Ltd.

15 54. On or about August 3, 2001, a wire transfer was authorized in the amount of  
16 \$500,000, from Bank of America account number 62577507, in the name of Cascade  
17 Pointe LLC, to Wells Fargo Bank, for account number 3515689010, in the name of  
18 Health Maintenance Centers, Inc.

19 55. On or about August 6, 2001, James N. Wuensche, Acting Controller of  
20 Cascade Pointe, sent a letter to Martin Cordell, a securities enforcement attorney with the  
21 State of Washington Department of Financial Institutions, Securities Division, in which  
22 James N. Wuensche falsely stated, among other things, that Cascade Pointe's organizers  
23 became familiar with HMC, Znetix, and affiliates in the following way:

24 LLC members have been researching opportunities with  
25 companies like HMC and Znetix. During their research, they  
26 became aware of the problems HMC was experiencing with  
27 your department. Cascade Pointe viewed HMC's problem as  
28 a potential opportunity. Contact was made with appropriate  
personnel at HMC to begin discussions, which has led us to  
where we are today. The purpose of Cascade Pointe is to  
pursue the acquisition of HMC stock.



1        55.1. On or about August 6, 2001, defendant ALFONSO LACSON, JR. received  
2 a payment of \$21,080.11 from an account at Wells Fargo Bank in the name of Health  
3 Maintenance Centers, Inc. d/b/a HPC.

4        56. On or about August 7, 2001, a wire transfer was authorized in the amount of  
5 \$300,000, from Bank of America account number 62577507, in the name of Cascade  
6 Pointe LLC, to Wells Fargo Bank, for account number 3515689010, in the name of  
7 Health Maintenance Centers, Inc.

8        57. On or about August 8, 2001, a wire transfer was authorized in the amount of  
9 \$150,000, from Bank of America account number 62577507, in the name of Cascade  
10 Point LLC, to Wells Fargo Bank Nevada N.A., for account number 924927726, in the  
11 name of Eceuro RC Corp.

12        58. On or about August 9, 2001, defendant KEVIN L. LAWRENCE and  
13 Clifford G. Baird executed an "Amended and Restated Stock Purchase Agreement" that  
14 purportedly committed Cascade Pointe to provide \$55 million to fund a rescission offer to  
15 be made by HMC to investors and to pay HMC's operating expenses.

16        59. On or about August 9, 2001, a wire transfer was authorized in the amount of  
17 \$50,000, from Bank of America account number 62577507, in the name of Cascade  
18 Pointe LLC, to SKNA National Bank, for account number 04022995, in the name of  
19 Nevis American Trust for credit to Gibraltar Capital Partners.

20        60. On or about August 10, 2001, a wire transfer was authorized in the amount  
21 of \$200,000, from Bank of America account number 62577507, in the name of Cascade  
22 Pointe LLC, to Wells Fargo Bank, for account number 3515689010, in the name of  
23 Health Maintenance Centers, Inc.

24        61. On or about August 17, 2001, a wire transfer was authorized in the amount  
25 of \$100,000, from Bank of America account number 62577507, in the name of Cascade  
26 Pointe LLC, to Wells Fargo Bank, for account number 3515689010, in the name of  
27 Health Maintenance Centers, Inc.

1       62. On or about August 17, 2001, a wire transfer was authorized in the amount  
2 of \$100,000, from Bank of America account number 62577507, in the name of Cascade  
3 Pointe LLC, to Wells Fargo Bank, for account number 3515689010, in the name of  
4 Health Maintenance Centers, Inc.

5       63. On or about August 21, 2001, a wire transfer was authorized in the amount  
6 of \$375,000, from Bank of America account number 62577507, in the name of Cascade  
7 Pointe LLC, to Wells Fargo Bank, for account number 3515689010, in the name of  
8 Health Maintenance Centers, Inc.

9       64. On or about August 23, 2001, James N. Wuensche, Acting Controller of  
10 Cascade Pointe, sent a memorandum to Clifford G. Baird, which Baird distributed to  
11 investors, stating, among other things, that Wuensche had a lengthy telephone conference  
12 with defendant KEVIN L. LAWRENCE, who provided the following information:

13           a. "HMC filed the Registration Statement with the State of Washington  
14 relative to the rescission"; and

15           b. "Znetix is proceeding in an expedited manner to file its S-1. The  
16 expectation is that it will be completed and filed within the next few weeks."

17       65. On or about August 28, 2001, Kevin McCarthy sent an e-mail message to  
18 Clifford G. Baird and James N. Wuensche of Cascade Pointe stating, among other things,  
19 that McCarthy had received messages from defendant KEVIN L. LAWRENCE, and an  
20 "action item" based on those messages was to "[t]ry to get \$2 to \$3 million in this week  
21 and another \$1 mill minimum next week."

22       65.1. On or about August 30, 2001, defendant LARRY L. BEAMAN signed a  
23 "Nominee Agreement" on behalf of PNW, Inc., with Privatech Group, LLC and J. A.  
24 Fontano, manager of Privatech, for the purpose of concealing BEAMAN's control of  
25 PNW, Inc.

26       66. On or about September 5, 2001, a wire transfer was authorized in the  
27 amount of \$10,000, from Bank of America account number 62577507, in the name of  
28

1 Cascade Pointe LLC, to SKNA National Bank account number 04022995, in the name of  
2 Nevis American Trust, for credit to Gibraltar Capital Partners.

3 67. On or about September 6, 2001, a wire transfer was authorized in the  
4 amount of \$200,000, from Bank of America account number 62577507, in the name of  
5 Cascade Pointe LLC, to Wells Fargo Bank, for account number 3515689010, in the name  
6 of Health Maintenance Centers, Inc.

7 67.1 On or about August 29, 2001, and September 7, 2001, respectively,  
8 defendants KEVIN L. LAWRENCE and MICHAEL J. CULP, as directors of HMC,  
9 signed a "Consent in Lieu of Special Meeting of Directors of Health Maintenance  
10 Centers, Inc." stating, among other things, that:

11 WHEREAS, Kevin Lawrence, in his capacity as Chairman of  
12 the Board of Directors of the Corporation, signed a Certificate  
13 on August 25, 2001, attached hereto as Exhibit A, in which he  
14 stated that the Corporation has, since its inception, given  
15 numerous persons various levels of entitlement to the  
16 Corporation in the nature of subscription agreements,  
17 however, the Board of Directors never formally authorized  
18 the issuance of any shares of the Corporation's common stock  
19 to such persons, and that the Board of Directors never  
20 authorized the Corporation to issue any shares without  
21 certificates;

22 WHEREAS, Kevin Lawrence is among those persons referred  
23 to in his Certificate, with outstanding arrangements with the  
24 Corporation in the nature of a subscription agreement;

25 NOW THEREFORE BE IT RESOLVED, the Board of  
26 Directors accepts the Certificate of Kevin Lawrence and  
27 confirms that the Corporation does not have any outstanding  
28 shareholders;

29 RESOLVED, that for the purposes of creating a shareholder  
30 of the Corporation, the Board of Directors hereby accepts one  
31 of the outstanding arrangements of Kevin Lawrence in the  
32 nature of a subscription agreement and issues Kevin  
33 Lawrence one share of the Corporation's common stock for  
34 \$1.00.

35 68. On or about September 7, 2001, Clifford G. Baird received a letter from  
36 J. Michelle Williams falsely stating that Lloyd's & Lloyd's Financial, Ltd., of Nevis  
37 would provide Cascade Pointe with a \$10 million line of credit for an up front fee of  
38 \$150,000.

1       69. On or about September 14, 2001, defendant KEVIN L. LAWRENCE sent a  
2 letter to Znetix shareholders stating that:

3           I would like you to know that at the time of this printing I  
4           have a Debenture Contract for \$500M from an investor group  
5           from China. The additional funding of foreign money,  
6           approximately \$500M, will be used primarily for acquisitions,  
7           predictive medicine, and technology developments both  
8           domestic and international. This contract is to be executed  
9           and as details are available we will forward them to you. This  
10          process should be coming to a conclusion in the near future.

11       69.1 On or about September 14, 2001, defendants KEVIN L. LAWRENCE and  
12       MICHAEL J. CULP, as directors of HMC, signed a "Consent in Lieu of Special Meeting  
13       of Directors of Health Maintenance Centers, Inc.," stating, among other things, that:

14           RESOLVED that the Board of Directors hereby accepts  
15           another of the many outstanding arrangements of Kevin  
16           Lawrence in the nature of subscription agreements and issues  
17           Kevin Lawrence Nine Thousand Nine Hundred and Ninety  
18           Nine (9,999) shares of the Corporation's Common Stock for  
19           consideration equal in value to Nine Thousand Nine Hundred  
20           and Ninety Nine Dollars (\$9,999).

21       70. On or about September 18, 2001, a wire transfer was authorized in the  
22       amount of \$25,000, from Bank of America account number 62577507, in the name of  
23       Cascade Pointe LLC, to The Bank of Nevis International for account number  
24       574074998241, in the name of Nevis American Trust, for credit to Alliance Advisory  
25       Group.

26       71. On or about September 18, 2001, a wire transfer was authorized in the  
27       amount of \$25,000, from Bank of America account number 62577507, in the name of  
28       Cascade Pointe LLC, to ABN Amro Bank N.V. for account number 026009580, in the  
29       name of Nevis American Trust, for credit to River Johnson Investors.

30       72. On or about September 21, 2001, a wire transfer was authorized in the  
31       amount of \$60,000, from Bank of America account number 62577507, in the name of  
32       Cascade Pointe LLC, to ABN Amro Bank for account number 8298685, in the name of  
33       Nevis American Trust, for credit to Alliance Advisory Group.

1       73.    On or about September 21, 2001, a wire transfer was authorized in the  
2 amount of \$50,000, from Bank of America account number 62577507, in the name of  
3 Cascade Pointe LLC, to The Bank of Nevis International for account number  
4 574074998241, in the name of Nevis American Trust, for credit to River Johnson  
5 Investors.

6       74.    On or about September 24, 2001, a wire transfer was authorized in the  
7 amount of \$40,000, from Bank of America account number 62577507, in the name of  
8 Cascade Pointe LLC, to The Bank of Nevis International, for account number  
9 574074998241, in the name of Nevis American Trust, for credit to Alliance Advisory  
10 Group.

11       75.    On or about September 26, 2001, a wire transfer was authorized in the  
12 amount of \$25,000, from Bank of America account number 62577507, in the name of  
13 Cascade Pointe LLC, to The Bank of Nevis International, for account number  
14 574074998241, in the name of Nevis American Trust, for credit to Cascade Pointe of  
15 Nevis.

16       75.1   On or about September 26, 2001, defendant KEVIN L. LAWRENCE  
17 signed documents effecting a merger of HMC and Znetix; such documents recited that  
18 "[t]he authorized capital stock of [HMC] consists of ten thousand (10,000) shares of  
19 common stock having a par value of \$1.00 per share, of which ten thousand (10,000)  
20 shares are duly issued and outstanding."

21       76.    On or about September 27, 2001, a wire transfer was authorized in the  
22 amount of \$35,000, from Bank of America account number 62577507, in the name of  
23 Cascade Pointe LLC, to The Bank of Nevis International, for account number  
24 574074998241, in the name of Nevis American Trust, for credit to Cascade Pointe of  
25 Nevis.

26       77.    On or about September 30, 2001, defendant KEVIN L. LAWRENCE  
27 signed an agreement with Global Project and Development, Ltd., providing, among other  
28

1 things, that Znetix would have to make \$500 million available to that company in order to  
2 receive \$500 million.

3 78. On or about October 2, 2001, a wire transfer was authorized in the amount  
4 of \$30,000, with funds from Bank of America account number 62577507, in the name of  
5 Cascade Pointe LLC, to The Bank of Nevis International, for account number  
6 574074998241, in the name of Nevis American Trust, for credit to Alliance Advisory  
7 Group.

8 79. On or about October 2, 2001, a wire transfer was authorized in the amount  
9 of \$30,000 with funds from Bank of America account number 62577507, in the name of  
10 Cascade Pointe LLC, to The Bank of Nevis International, for account number  
11 574074998241, in the name of Nevis American Trust, for credit to River Johnson  
12 Investors.

13 80. On or about October 10, 2001, defendant KEVIN L. LAWRENCE falsely  
14 stated under oath during a deposition taken by the SEC that Znetix or an affiliate had a  
15 contract with the Department of Defense.

16 81. On or about October 10, 2001, defendant KEVIN L. LAWRENCE falsely  
17 stated under oath during a deposition taken by the SEC that he had no relationship with  
18 Cascade Pointe.

19 82. On or about October 11, 2001, defendant KEVIN L. LAWRENCE falsely  
20 stated under oath during a deposition taken by the SEC that he did not know Randy  
21 Becker, the manager of Cascade Pointe from on or about May 2, 2001, through on or  
22 about June 21, 2001.

23 83. On or about October 11, 2001, defendant KEVIN L. LAWRENCE falsely  
24 stated under oath during a deposition taken by the SEC that he was anticipating that  
25 Znetix would receive \$500 million from a Chinese-based investor group, but that he was  
26 unaware of the details of the deal.

27 83.1. On or about October 17, 2001, defendant STEVEN J. REIMER caused the  
28 drafting of a letter under the name of Jim Fontano, purportedly the president of TNT

1 Dynamics, Inc., a company controlled by REIMER, to "whom it may concern," stating:  
2 "Please note that on October 3, 2001 our Company made payment to Mr. Michael J. Culp  
3 in the amount of \$200,000.00 for business consulting service that he provided to us in the  
4 recent past."

5 83.2 On or about October 19, 2001, defendant MICHAEL J. CULP authorized a  
6 wire transfer in the amount of \$197,390.85, from a Washington Mutual Account in the  
7 name of Michael J. and Jennifer M. Culp, for the purchase of property in Woodinville,  
8 Washington.

9 84. On or about October 24, 2001, funds in the amount of \$100,000 were  
10 withdrawn for the purchase of cashier's check number 8590332204, from Bank of  
11 America account number 62577507, in the name of Cascade Pointe LLC, made payable  
12 to Health Maintenance Centers, and deposited into Wells Fargo Bank, for account number  
13 3515689010, in the name of Health Maintenance Centers, Inc.

14 85. On or about October 31, 2001, defendant KEVIN L. LAWRENCE  
15 authorized a wire transfer in the amount of \$70,904.02, from a Wells Fargo Bank account  
16 in the name of Health Maintenance Centers, Inc., dba HPC, to Pacific NW Title for the  
17 purchase of property in Poulsbo, Washington.

18 86. On or about November 2, 2001, funds in the amount of \$125,000 were  
19 withdrawn from a bank account controlled by Cascade Pointe for the purchase of cashier's  
20 check number 0604963566 payable to HMC.

21 87. On or about November 7, 2001, funds in the amount of \$50,000 were  
22 withdrawn from a bank account controlled by Cascade Pointe for the purchase of cashier's  
23 check number 8590333743 payable to HMC.

24 88. On or about November 9, 2001, funds in the amount of \$100,000 were  
25 withdrawn from a bank account controlled by Cascade Pointe for the purchase of cashier's  
26 check number 8590333968 payable to HMC.

1 89. On or about November 20, 2001, funds in the amount of \$140,000 were  
2 withdrawn from a bank account controlled by Cascade Pointe for the purchase of cashier's  
3 check number 8590335507 payable to HMC.

4 89.1. On or about November 20, 2001, defendant HARVEY W. KUIKEN, in a  
5 recorded telephone conversation with a potential investor, represented, among other  
6 things, that Cascade Pointe was a leveraged buyout of HMC and whatever funds that  
7 were invested would be leveraged five times, and explained:

8 As far as Cascade Pointe, it's actually a leveraged buy-out,  
9 LBO, with leveraged money, so when a person takes and  
10 comes into the limited liability corporation, whatever funds  
11 they put in is leveraged five times. That is the position they  
12 will hold within the LLC. Now, that does not mean they're  
13 going to get that equivalent in stocks. There's, uh, uh, the  
14 LLC is a real business, there's real expenses, so whatever  
15 expenses are, it's going to be taken off the top of the leverage  
16 position. So if we use, let's say, \$50,000, which is the  
17 minimum, that 50,000 is leveraged five times, so the position  
18 in the LLC is 250,000 . . . . Now, the HMC has been four-for-  
19 one split. So, on a \$50,000 that's been put in there's a  
20 250,000 position. If we take off and say the expenses are  
21 30%, that means \$75,000 goes towards expenses, which is the  
22 cost of acquiring the stock interest and the ongoing expenses,  
23 so that means there will be 175,000 that would go towards the  
24 purchase of stock. Now, uh, if you take and multiply that  
25 times four, because we're giving the original models stock,  
26 there'd be 700,000 shares of Znetix. Now, if we use an ultra-  
27 conservative number of \$10, which is very, very conservative,  
28 because on a Private Placement Memorandum, they did sell  
some stock at five. There was rumor of some sold at seven,  
however, I do not have any validation of that. So, if for you  
the simple figure is \$10 - 700,000 shares - that means there  
would be \$7 million position, or \$7 million worth of (U/I) you  
could hold within the LLC.

22 89.2 On or about November 20, 2001 defendant STEVEN J. REIMER caused a  
23 letter to be sent from J. Michelle Williams, Trustee for Gibraltar Capital Partners, Ltd., of  
24 Charlestown, Nevis, to Clifford Baird, stating that:

25 Please note that Gibraltar Capital Partners, Ltd., has the full  
26 financial capability to fund a \$3.6 million USD,  
27 (\$3,600,000.00) investment into Cascade Pointe, LLC equity  
28 investment. Pending proper clearance and other recently  
appointed procedures, these funds shall be transferred to  
Cascade Pointe, LLC's bank wire instructions as has been  
provided.



1 Further, note that the above funds shall be credited to a  
2 purchase on behalf of Hamilton Capital Partners, Ltd., and are  
3 not for investment on behalf of Gibraltar. Gibraltar Capital  
Partners, Ltd., is only acting as agent in the above transaction.

4 89.3. On or about November 21, 2001, defendant STEVEN J. REIMER sent a  
5 letter to TNT Dynamics, Inc., Attn: Jim Fontano, President, stating: "Please execute the  
6 enclosed promissory note and forward to Kennedy and Kessell Trading for their files.  
7 Keep a copy in TNT's file for further reference. They have transferred \$200,000.00 USD  
8 to TNT's account around October 2, 2001." The promissory note enclosed with the letter,  
9 dated October 8, 2001, and signed by Jim Fontano, President, TNT Dynamics, Inc., states  
10 that TNT Dynamics, Inc., promises to pay Kennedy & Kessell Trading of Charleston,  
11 Nevis/St. Kitts "in lawful money of the United States of America, the principal amount of  
12 Two Hundred Thousand Dollars and 00/100 (\$200,000.00) together with interest on the  
13 unpaid principal and balance from October 8, 2001, until paid in full." The interest rate  
14 on the promissory note is set forth as thirty percent per month.

15 90. On or about November 26, 2001, funds in the amount of \$125,000 were  
16 withdrawn from a bank account controlled by Cascade Pointe for the purchase of cashier's  
17 check number 8590336083 payable to HMC.

18 91. On or about November 26, 2001, funds in the amount of \$100,000 were  
19 withdrawn from a bank account controlled by Cascade Pointe for the purchase of cashier's  
20 check number 8590335912 payable to HMC.

21 92. On or about November 27, 2001, funds in the amount of \$50,000 were  
22 withdrawn for the purchase of cashier's check number 8590336146 with funds from Bank  
23 of America account number 62577507, in the name of Cascade Pointe LLC, and  
24 deposited into Wells Fargo Bank, for account number 3515689010, in the name of Health  
25 Maintenance Centers, Inc.

26 93. On or about December 7, 2001, a wire transfer was authorized in the  
27 amount of \$50,000, with funds from Bank of America account number 62577507, in the  
28

1 name of Cascade Pointe LLC, to The Bank of Nevis International, for account number  
2 574074998241, in the name of Nevis American Trust, for credit to Lemur Capital, Ltd.

3 94. On or about December 17, 2001, Clifford G. Baird sent a facsimile  
4 transmission to defendant KEVIN L. LAWRENCE that included a letter from Vanessa  
5 Rawlins to defendant KEVIN L. LAWRENCE stating that "Cascade Pointe of Nevis,  
6 LLC is anticipating a significant deposit of funds earmarked as an investment in our  
7 company. In accordance with our agreement and at your request, we will be immediately  
8 transferring said funds to the transitional account of HMC, Inc."

9 95. On or about December 19, 2001, a wire transfer was authorized in the  
10 amount of \$50,000, with funds from Bank of America account number 62577507, in the  
11 name of Cascade Pointe LLC, to bank account number 004962707081 in the name of  
12 Night Wind Enterprises, Ltd.

13 95.1. On or about December 19, 2001, defendant KEVIN L. LAWRENCE, on  
14 behalf of himself, and defendant MICHAEL J. CULP, on behalf of HMC, executed an  
15 "Agreement for Consulting Services," providing, among other things, that HMC would  
16 pay defendant KEVIN L. LAWRENCE \$45,834.00 per month upon written authorization  
17 from HMC.

18 95.2. On or about December 19, 2001, defendant KEVIN L. LAWRENCE and  
19 an officer of Znetix executed an "Agreement for Consulting Services," providing, among  
20 other things, that Znetix would pay defendant KEVIN L. LAWRENCE \$100,000 per  
21 month upon written authorization from Znetix.

22 96. On or about January 8, 2002, funds in the amount of \$105,000 were  
23 withdrawn for the purchase of a cashier's check, from Bank of America account number  
24 62577507, in the name of Cascade Pointe LLC.

25 97. On or about January 8, 2002, defendant KEVIN L. LAWRENCE sent by  
26 facsimile transmission to Thomas Odegaard, an investor, a letter from Palledium Capital  
27 Partners, Ltd., dated December 10, 2001, and a letter from Nurrel Marcos Capital, Ltd.,  
28 dated December 11, 2001; both letters falsely stated that the \$10 million lines of credit

1 that these Nevis entities would supposedly provide to Cascade Pointe had been  
2 "extended."

3 97.1. On or about January 10, 2002, defendant MICHAEL J. CULP sent an e-  
4 mail message to Craig Bellusci, an investor, in which he stated:

5 I apologize for my absence of regular communication. Being  
6 a director, I am under a SEC Quarantine due to the sensitivity  
7 of Znetix/HMC proceedings. Wednesday the 16th, Znetix  
8 Attorneys meet with the underwriter USB Warberg and the  
secondary brokerage houses for the final signing. The S-1  
and S-4 will file almost immediately. The lead attorney told  
me Tuesday that they will go public this quarter.

9 When the S-1 and S-4 are filed, I will receive the converted  
10 registered stock. I will then contact you to do the stock  
11 transfer. Its much larger than anybody realized. I will call to  
see if you have some other questions.

12 97.2. On or about January 16, 2002, defendant MICHAEL J. CULP sent an e-  
13 mail message to Craig Bellusci, an investor, in which he stated:

14 This is a significant day for Znetix. I will call you and fill  
15 you in on the details and answer your questions. I will tell  
16 you that I cannot transfer HMC stock to you at this stage.  
Audits have been completed so everything is locked in for the  
conversion to Znetix. If you want to know the truth HMC  
stock is worthless right now because of the acquisition.

17  
18 98. On or about January 16, 2002, funds in the amount of \$50,000 were  
19 withdrawn for the purchase of a cashier's check from Bank of America account number  
20 62577507, in the name of Cascade Pointe LLC.

21 98.1 On or about January 16, 2002, defendant KEVIN L. LAWRENCE called  
22 Clifford Baird and encouraged Mr. Baird not to provide testimony at a deposition  
23 scheduled in connection with an investigation by the United States Securities and  
24 Exchange Commission.

25 99. On or about January 18, 2002, funds in the amount of \$85,000 were  
26 withdrawn for the purchase of a cashier's check, from Bank of America account number  
27 62577507, in the name of Cascade Pointe LLC.  
28

1 99.1 On or about February 28, 2002, after the Court issued a Preliminary  
2 Injunction Order prohibiting such transactions, defendant KEVIN L. LAWRENCE signed  
3 an agreement to list a Hawaii property for \$5,750,000, and on or about March 2, 2002, he  
4 signed a contract to sell the property for \$1,200,000.

5 All in violation of Title 18, United States Code, Section 371.

6 II.

7 COUNTS 2 through 54  
8 (Securities Fraud)

9 1. Sections A, C, and D of Part I of this Indictment are incorporated in this  
10 paragraph as if fully set forth herein.

11 2. On or about the dates set forth below, at Bellevue, Seattle, and Bainbridge  
12 Island, at other places within the Western District of Washington, and elsewhere, the  
13 defendants set forth below with respect to each count, together with other persons known  
14 and unknown to the Grand Jury, unlawfully, knowingly, and willfully, directly and  
15 indirectly, by the use of means and instrumentalities of interstate commerce, and of the  
16 mails, did use and employ, in connection with the purchases and sales of securities issued  
17 to the investors listed below, manipulative and deceptive devices and contrivances in  
18 violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing  
19 devices, schemes, and artifices to defraud; (b) making untrue statements of material facts  
20 and omitting to state material facts necessary to make the statements made, in light of the  
21 circumstances in which they were made, not misleading; and (c) engaging in acts,  
22 practices, and courses of business which operated and would operate as a fraud and deceit  
23 upon other persons. Each investment set forth below constitutes a representative sample  
24 of the purchase and sale of securities through the use by defendants of such manipulative  
25 and deceptive devices and contrivances, and a separate count of this Indictment, as  
26 follows:  
27  
28

Count	Defendant(s)	Date	Investor	Investment
2	LAWRENCE	August 29, 1999	James Grace, Bellevue, WA	Purchase of 5,000 shares of HMC
3	LAWRENCE	October 7, 1999	Christopher Teem, Kirkland, WA	Purchase of 10,000 shares of HMC
4	LAWRENCE	February 21, 2000	Dana Milkie and Colleen Poole, Issaquah, WA	Purchase of 20,000 shares of HMC
5	LAWRENCE CULP ALEX LACSON ALFONSO LACSON	April 6, 2000	CMMP Investment, Puyallup, WA	Purchase of \$125,000 shares of Project X
6	LAWRENCE CULP ALEX LACSON ALFONSO LACSON	April 18, 2000	Liberty Unlimited Corp. Management, Issaquah, WA	Purchase of 500,000 shares of Project X
7	LAWRENCE CULP ALEX LACSON ALFONSO LACSON	May 5, 2000	Liberty Utld. Management Trust Account for Sundance Assoc., Issaquah, WA	Purchase of 80,000 shares of HMC
8	LAWRENCE CULP ALEX LACSON ALFONSO LACSON	August 10, 2000	David Nahirny, Houston, TX	Purchase of 25,000 shares of HMC
9	LAWRENCE CULP ALEX LACSON ALFONSO LACSON	September 27, 2000	Daniel J. Reilly Snohomish, WA	Purchase of 5,000 shares of HMC
10	LAWRENCE CULP ALEX LACSON ALFONSO LACSON	September 28, 2000	William G. Casas, Newport Beach, CA	Purchase of 25,000 shares of HMC
11	LAWRENCE CULP ALEX LACSON ALFONSO LACSON	September 28, 2000	Tommy Lee Davis Sugar Land, TX	Purchase of 100,000 shares of HMC
12	LAWRENCE CULP ALEX LACSON ALFONSO LACSON	October 10, 2000	Perfect Life Investments, LP	Purchase of 251,279 shares of HMC

Count	Defendant(s)	Date	Investor	Investment
13	LAWRENCE REIMER CULP ALEX LACSON ALFONSO LACSON	November 10, 2000	Gary Engen, Yakima, WA	Purchase of 12,500 shares of HMC
14	LAWRENCE REIMER CULP ALEX LACSON ALFONSO LACSON	January 12, 2001	First Security Funding, Bellevue, WA	Purchase of 107,000 shares of Znetix
15	LAWRENCE REIMER CULP KUIKEN ALEX LACSON ALFONSO LACSON	January 4, 2001	Jim Dollar, Kent, WA	Purchase of 7,000 shares in Znetix
16	LAWRENCE REIMER CULP ALEX LACSON ALFONSO LACSON	January 31, 2001	Brian Holman, Ellensburg, WA	Purchase of 10,000 shares of HMC
17	LAWRENCE REIMER CULP ALEX LACSON ALFONSO LACSON	February 1, 2001	Paul Einan, Scottsdale, AZ	Purchase of 10,000 shares of HMC
18	LAWRENCE REIMER CULP ALEX LACSON ALFONSO LACSON	February 1, 2001	Jonathan Greenspahn, Naples, FL	Purchase of 100,000 shares of Znetix
19	LAWRENCE REIMER CULP ALEX LACSON ALFONSO LACSON	February 16, 2001	Hugh Yap, Marysville, WA	Purchase of 26,200 shares of HMC
20	LAWRENCE REIMER CULP ALEX LACSON ALFONSO LACSON	March 6, 2001	Craig and Bobbi Bellusci, Marysville, WA	Purchase of 70,000 shares of HMC
21	LAWRENCE REIMER CULP ALEX LACSON ALFONSO LACSON	March 7, 2001	Mark and Kay Meitzer, Madison, WI	Purchase of 9,000 shares of HMC

Count	Defendant(s)	Date	Investor	Investment
22	LAWRENCE REIMER CULP ALEX LACSON ALFONSO LACSON	March 14, 2001	Greg Arellano, Redwood City, CA	Purchase of 7,500 shares of HMC
23	LAWRENCE REIMER CULP ALEX LACSON ALFONSO LACSON	March 16, 2001	Daniel and Patricia St. John, Gaston, OR	Purchase of 80,000 shares of HMC
24	LAWRENCE REIMER CULP ALEX LACSON ALFONSO LACSON	March 19, 2001	Julene Daniels, Portland, OR	Purchase of 3,000 shares of HMC
25	LAWRENCE REIMER CULP ALEX LACSON ALFONSO LACSON	March 20, 2001	Darcy and John Frederick, Beaverton, OR	Purchase of 30,000 shares of HMC
26	LAWRENCE REIMER CULP KUIKEN ALEX LACSON ALFONSO LACSON	March 26, 2001	Daryl Gray, Sumner, WA	Purchase of 14,000 shares in Znetix
27	LAWRENCE REIMER CULP ALEX LACSON ALFONSO LACSON	April 2, 2001	Michael and Bernadette Etko, Big Bear Lake, CA	Purchase of 14,000 shares of HMC
28	LAWRENCE REIMER CULP KUIKEN ALEX LACSON ALFONSO LACSON	April 6, 2001	Mari and Leif Ellingson, Renton, WA	Purchase of 10,000 shares in Znetix
29	LAWRENCE REIMER CULP ALEX LACSON ALFONSO LACSON	April 9, 2001	Thomas Riccolo, Morris, IL	Purchase of 10,000 shares of Znetix

Count	Defendant(s)	Date	Investor	Investment
30	LAWRENCE REIMER BEAMAN CULP ALEX LACSON ALFONSO LACSON	April 13, 2001	Michael Esber, Phoenix, AZ	Purchase of 22,200 shares of HMC
31	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	April 16, 2001	Stephen Lentz, Tacoma, WA	Purchase of 9,000 shares of Znetix
32	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	April 19, 2001	Ralph Pockrus, Auburn, WA	Purchase of 25,000 shares in Znetix
33	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	May 24, 2001	Gretchen and Douglas Mortensen, Tualatin, OR	Purchase of 100,000 units of Cascade Pointe
34	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	May 24, 2001	Mike Day, Katy, Texas	Purchase of 100,000 units of Cascade Pointe
35	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	May 24, 2001	Alexi and Jennifer Bobodzhanov, Kirkland, WA	Purchase of 50,000 shares of HMC
36	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	May 31, 2001	Greg Perry, Kirkland, WA	Purchase of 50,000 shares of HMC



Count	Defendant(s)	Date	Investor	Investment
37	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	May 31, 2001	Steve and Rebecca Pflueger, Renton, WA	Purchase of 40,000 shares of Znetix
38	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	June 11, 2001	William Joseph, Roseville, CA	Purchase of 12,500 shares of HMC
39	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	June 14, 2001	Greg Arrellano, Redwood City, CA	Purchase of 10,000 units of Cascade Pointe
40	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	June 28, 2001	Sharon Biggi, Portland, OR	Purchase of 12,000 shares of HMC
41	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	July 20, 2001	Larry and Luwenda Melby, Calackamus, OR	Purchase of 55,000 shares of HMC
42	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	August 16, 2001	Henry J. Schoen, Woodland, WA	Purchase of 10,000 shares of HMC
43	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	September 4, 2001	Jason Smith, Cape Coral, FL	Purchase of 50,000 units of Cascade Pointe

Count	Defendant(s)	Date	Investor	Investment
44	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	October 1, 2001	Patricia Jackson, Battle Ground, WA	Purchase of 16,000 shares of HMC
45	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	October 4, 2001	James M. & Judith Hattrick, Vancouver, WA	Purchase of 5,000 shares of HMC
46	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	October 4, 2001	Roger Erickson, Gresham, OR	Purchase of 10,000 shares of HMC
47	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	October 14, 2001	Kimberly and Tracy Miles, Gresham, OR	Purchase of 20,000 shares of HMC
48	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	October 17, 2001	Kenneth R. Sampson, Camas, WA	Purchase of 5,000 shares of HMC
49	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	October 19, 2001	Ardice Hines, Keizer, OR	Purchase of 5,000 shares of HMC
50	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	October 22, 2001	Kenneth A. Mishler Hillsboro, OR	Purchase of 10,000 shares of HMC

Count	Defendant(s)	Date	Investor	Investment
51	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	November 19, 2001	Caroline Nygaard, Ridgefield, WA	Purchase of 10,000 shares of HMC
52	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	November 27, 2001	Donald Miller and Connie and Derrick Dale, Tigard, OR	Purchase of 1,000 shares of HMC
53	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	November 27, 2001	Mark and Jasmin Lynn, Rochester, MN	Purchase of 5,000 shares of Znetix
54	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	January 14, 2002	Donald Tralmer Tomah, WI	Purchase of 5,000 shares of HMC

All in violation of Title 15, United States Code, Sections 78j(b) and 78ff(a), Title 17, Code of Federal Regulations, Section 240.10b-5, and Title 18, United States Code, Section 2.

### III.

#### COUNTS 55 through 68 (Wire Fraud)

1. Sections A, C, and D of Part I of this Indictment are incorporated in this paragraph as if fully set forth herein.

2. On or about the dates set forth below, at Bellevue, Seattle, and Bainbridge Island, at other places within the Western District of Washington, and elsewhere, the defendants set forth below with respect to each count, together with other persons known and unknown to the Grand Jury, having devised and intended to devise the above-

described scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, did, for the purpose of executing such scheme or artifice, knowingly and willfully transmit and cause to be transmitted, by wire communication in interstate and foreign commerce, the writings, signs, signals, pictures, and sounds described below, each of which constitutes a representative sample of the use of wire communications in interstate and foreign commerce in furtherance of the scheme and artifice to defraud and a separate count of this Indictment, as follows:

Count	Defendant(s)	Date	Sender	Sent To	Description of Item
55	LAWRENCE CULP ALEX LACSON ALFONSO LACSON	August 1, 2000	Tom Trobaugh, Bank One, Coppell, TX	Project X, U.S. Bank, Seattle, WA	Wire transfer of funds in the amount of \$1,000,000
56	LAWRENCE CULP ALEX LACSON ALFONSO LACSON	Sept. 8, 2000	Keith Falls, Wells Fargo Bank, Arlington, TX	HMC, U.S. Bank, Seattle, WA	Wire transfer of funds in the amount of \$82,000
57	LAWRENCE REIMER CULP ALEX LACSON ALFONSO LACSON	Nov. 10, 2000	Kenneth Morgante, Pavilion State Bank, Leroy, NY	HMC, U.S. Bank, Bellevue, WA	Wire transfer of funds in the amount of \$20,000
58	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	June 8, 2001	Robert Norton, Wells Fargo Bank, Twin Falls, ID	Cascade Pointe, Bank of America, Bellevue, WA	Wire transfer of funds in the amount of \$25,000
59	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	June 18, 2001	Linda Bossom, Bank One, Joliet, IL	Cascade Pointe, Bank of America, Bellevue, WA	Wire transfer of funds in the amount of \$50,000

Count	Defendant(s)	Date	Sender	Sent To	Description of Item
60	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	June 29, 2001	Susanne J. Pederson, First Savings Bank of Lacrosse, Madison, WI	Bainbridge Human Performance, Silverdale State Bank, Silverdale, WA	Wire transfer of funds in the amount of \$10,000
61	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	July 25, 2001	Mark Heffernan, Village Bank & Trust, Arlington Heights, IL	Cascade Pointe, Bank of America, Bellevue, WA	Wire transfer of funds in the amount of \$20,000
62	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	July 26, 2001	Keith and Sue Rezin, Standard Bank & Trust, Evergreen Park, IL	Cascade Pointe, Bank of America, Bellevue, WA	Wire transfer of funds in the amount of \$50,000
63	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	July 30, 2001	Roland E. Wheeler, Jr., National Securities Corp., Seattle, WA	Dolphin Harbour Holdings, Ltd., First National Bank of Midland, Midland, TX	Wire transfer of funds in the amount of \$600,000
64	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	July 31, 2001	Kenn Davin, The Bankers Bank, Norris, TN	Cascade Pointe, Bank of America, Bellevue, WA	Wire transfer of funds in the amount of \$110,000
65	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	August 6, 2001	Renate and Robert Lundberg, Soloman Smith Barney, Inc., New York, NY	Larry L. Beaman, First Independent Bank, Ridgefield, WA	Wire transfer of funds in the amount of \$20,000

Count	Defendant(s)	Date	Sender	Sent To	Description of Item
66	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	August 6, 2001	Western Man., Inc. (John A. McKinney), Wells Fargo Bank, Minneapolis, MN	Cascade Pointe, Bank of America, Bellevue, WA	Wire transfer of funds in the amount of \$50,000
67	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	Jan. 15, 2002	Michael Esber, Bank of America, Peoria, AZ	Cascade Pointe, Bank of America, Bellevue, WA	Wire transfer of funds in the amount of \$10,000
68	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	Jan. 28, 2002	Bob and Jeanette Hayward, Tomah Area Credit Union, Tomah, WI	Larry L. Beaman, First Independent Bank, Ridgefield, WA	Wire transfer of funds in the amount of \$2,000

All in violation of Title 18, United States Code, Sections 1343 and 2.

#### IV.

#### COUNTS 69 through 82 (Mail Fraud)

1. Sections A, C, and D of Part I of this Indictment are incorporated here by reference as if fully set forth herein.

2. On or about the dates set forth below, at Bellevue, Seattle, and Bainbridge Island, at other places within the Western District of Washington, and elsewhere, the defendants set forth below with respect to each count, together with other persons known and unknown to the Grand Jury, having devised and intended to devise the above-described scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, did, for the purpose of executing such scheme and artifice and attempting so to do, knowingly and willfully send and deliver, cause to be sent and delivered, by the United States Postal Service and other private and commercial interstate carriers according to the directions thereon, the items

listed below, each of which constitutes a representative sample of the use of the mails in furtherance of the scheme and artifice to defraud and a separate count of this Indictment, as follows:

Count	Defendant(s)	Date	Sent From	Sent To	Description of Item
69	LAWRENCE	June 29, 1999	Asa Sarver, Gallatin Gateway, MT	HMC, Washington	\$6,000 check made payable to HMC
70	LAWRENCE	August 31, 1999	HMC, Bellevue, WA	Mark Jennings, Kirkland, WA	Stock certificate in the amount of 4,000 shares of HMC
71	LAWRENCE	January 18, 2000	Kevin Lawrence, Bainbridge Island, WA	Mark Schuster, Kirkland, WA	Letter regarding HMC transfer of assets to Project X
72	LAWRENCE CULP ALEX LACSON ALFONSO LACSON	Sept. 9, 2000	HMC, Redmond, WA	Mark Schuster, Kirkland, WA	Stock certificate in the amount of 4,000 shares of HMC
73	LAWRENCE CULP ALEX LACSON ALFONSO LACSON	Oct. 2, 2000	HMC, Washington	Salvatore Zambito, Suquamish, WA	Stock certificate in the amount of 14,500 shares of HMC
74	LAWRENCE CULP ALEX LACSON ALFONSO LACSON	Oct. 6, 2000	HMC, Redmond, WA	Steven Gerdes, Lynnwood, WA	Stock certificate in the amount of 28,000 shares of HMC
75	LAWRENCE REIMER CULP ALEX LACSON ALFONSO LACSON	Oct. 23, 2000	Billy & Sandy Jamison, Colorado	HMC, Washington	\$30,000 check made payable to HMC
76	LAWRENCE REIMER CULP ALEX LACSON ALFONSO LACSON	Oct. 31, 2000	Sean Chafin, Grand Rapids, MI	HMC, Bellevue, WA	\$9,000 check made payable to HMC
77	LAWRENCE REIMER CULP ALEX LACSON ALFONSO LACSON	January 31, 2001	Leonard & Gayle Deddo, Santa Cruz, CA	Al Lacson, Kirkland, WA	\$10,000 check made payable to HMC

Count	Defendant(s)	Date	Sent From	Sent To	Description of Item
78	LAWRENCE REIMER CULP ALEX LACSON ALFONSO LACSON	March 26, 2001	Nati Salvidar, Big Springs, TX	Al Lacson, Kirkland, WA	\$5,000 check made payable to HMC
79	LAWRENCE REIMER CULP ALEX LACSON ALFONSO LACSON	April 9, 2001	Wayne Franklin, Vancouver, WA	HMC, c/o Al Lacson, Kirkland, WA	\$30,000 check made payable to HMC
80	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	May 23, 2001	Robert Norton, Twin Falls, ID	Kevin McCarthy, Bellevue, WA	\$50,000 check made payable to HMC
81	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	May 29, 2001	HMC, Bellevue, WA	Colleen James, Portage, WI	HMC Promissory Note in the amount of \$25,000
82	LAWRENCE REIMER BEAMAN CULP KUIKEN ALEX LACSON ALFONSO LACSON	July 9, 2001	Jason and Karae Smith, Cape Coral, FL	Cascade Pointe, Washington	\$10,000 check made payable to Cascade Pointe

All in violation of Title 18, United States Code, Sections 1341 and 2.

V.

COUNTS 83 through 99  
(Money Laundering)

1. On or about the dates set forth below, within the Western District of Washington, and elsewhere, the defendants set forth below with respect to each count, together with other persons known and unknown to the Grand Jury, did knowingly and willfully conduct and attempt to conduct the financial transactions set forth below affecting interstate and foreign commerce, which involved the proceeds of specified



unlawful activities, that is, mail fraud, wire fraud, and securities fraud, knowing that such transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of said specified unlawful activities, and that while conducting and attempting to conduct such financial transactions knew that the property involved in the financial transactions, that is funds and monetary instruments in the amounts set forth below, represented the proceeds of some form of unlawful activity; each transaction identified below constitutes a representative sample of such financial transactions and a separate count of this Indictment, as follows:

Count	Defendant(s)	Date	Description of Financial Transaction
83	LAWRENCE	August 10, 2001	Withdrawal of funds in the amount of \$50,000 from Wells Fargo Bank account number 3515689010 in Bellevue, Washington, in the name of Health Maintenance Centers, Inc., dba HPC, by check number 11062 payable to Night Wind Enterprises, Ltd.
84	LAWRENCE	August 10, 2001	Withdrawal of funds in the amount of \$50,000 from Wells Fargo Bank account number 3515689010 in Bellevue, Washington, in the name of Health Maintenance Centers, Inc., dba HPC, by check number 11063 payable to Night Wind Enterprises, Ltd.
85	REIMER BEAMAN CULP	October 3, 2001	Deposit of funds in the amount of \$200,000 to Bank of the West account number 247025505, in Reno, Nevada, in the name of TNT Dynamics, Inc., by wire transfer from First Independent Bank account number 300024640, in the name of Larry Beaman, in Ridgefield, Washington.
86	REIMER BEAMAN CULP	October 4, 2001	Withdrawal of funds in the amount of \$200,000 from Bank of the West account number 247025505, in Reno, Nevada, in the name of TNT Dynamics, Inc., by wire transfer to Washington Mutual Bank account number 1792586762, in the name of Michael and Jennifer Culp, in Bothell, Washington.

Count	Defendant(s)	Date	Description of Financial Transaction
87	REIMER BEAMAN CULP	October 5, 2001	Deposit of funds in the amount of \$50,000 to Bank of the West account number 247025505, in Reno, Nevada, in the name of TNT Dynamics, Inc., by wire transfer from First Independent Bank account number 300024640, in the name of Larry Beaman, in Ridgefield, Washington.
88	REIMER BEAMAN	October 10, 2001	Withdrawal of funds in the amount of \$10,000 from Bank of the West account number 247025505, in Reno, Nevada, in the name of TNT Dynamics, Inc., by wire transfer to Bank of America account number 67854687, in the name of Steven J. Reimer, in Bellevue, Washington.
89	REIMER BEAMAN CULP	October 18, 2001	Deposit of funds in the amount of \$50,000 to Bank of the West account number 247025505, in Reno, Nevada, in the name of TNT Dynamics, Inc., by wire transfer from First Independent Bank account number 300024640, in the name of Larry Beaman, in Ridgefield, Washington.
90	REIMER BEAMAN CULP	October 19, 2001	Deposit of funds in the amount of \$33,000 to Bank of the West account number 247025505, in Reno, Nevada, in the name of TNT Dynamics, Inc., by wire transfer from First Independent Bank account number 300024640, in the name of Larry Beaman, in Ridgefield, Washington.
91	REIMER BEAMAN CULP	October 19, 2001	Withdrawal of funds in the amount of \$100,000 from Bank of the West account number 247025505, in Reno, Nevada, in the name of TNT Dynamics, Inc., by wire transfer to Washington Mutual Bank account number 1792586762, in the name of Michael and Jennifer Culp, in Bothell, Washington.
92	REIMER BEAMAN	October 26, 2001	Deposit of funds in the amount of \$48,000 to Bank of the West account number 247025505, in Reno, Nevada, in the name of TNT Dynamics, Inc., by wire transfer from First Independent Bank account number 300024640, in the name of Larry Beaman, in Ridgefield, Washington.
93	LAWRENCE	December 3, 2001	Withdrawal of funds in the amount of \$50,000 from Bank of Hawaii account number 1447165, in the name of Tradewinds Southwest, Inc., by check number 6000 payable to Ocean Connection, Bainbridge Island, WA.

Count	Defendant(s)	Date	Description of Financial Transaction
94	LAWRENCE	December 7, 2001	Withdrawal of funds in the amount of \$2,500 from Bank of Hawaii account number 1447165, in the name of Tradewinds Southwest, Inc., by check number 6012 payable to Kevin Lawrence, Bainbridge Island, WA.
95	LAWRENCE	December 11, 2001	Withdrawal of funds in the amount of \$34,011.25 from Bank of Hawaii account number 1447165, in the name of Tradewinds Southwest, Inc., by check number 6015 payable to Bremerton Dodge, Bremerton, WA.
96	LAWRENCE	December 11, 2001	Withdrawal of funds in the amount of \$2,500 from Bank of Hawaii account number 1447165, in the name of Tradewinds Southwest, Inc., by check number 6016 payable to Ocean Connection, Bainbridge Island, WA.
97	LAWRENCE	December 27, 2001	Withdrawal of funds in the amount of \$100,000 from Bank of Hawaii account number 1447165, in the name of Tradewinds Southwest, Inc., by check number 6028 payable to Vicki Lawrence, Bainbridge Island, WA.
98	LAWRENCE	December 31, 2001	Withdrawal of funds in the amount of \$12,500 from Bank of Hawaii account number 1447165, in the name of Tradewinds Southwest, Inc., by check number 6046 payable to Stacy Gray, Bainbridge Island, WA.
99	LAWRENCE	January 8, 2002	Withdrawal of funds in the amount of \$11,000 from Bank of Hawaii account number 1447165, in the name of Tradewinds Southwest, Inc., by check number 6073 payable to Vicki Lawrence, Bainbridge Island, WA.

All in violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.

## VI.

### COUNTS 100 through 114

(Engaging in Monetary Transactions with Proceeds of Unlawful Activity)

1. On or about the dates set forth below, within the Western District of Washington, and elsewhere, the defendants set forth below with respect to each count,

1 together with other persons known and unknown to the Grand Jury, did knowingly and  
2 willfully engage and attempt to engage in the monetary transactions set forth below by,  
3 through, and to the financial institutions identified below, which monetary transactions  
4 affected interstate and foreign commerce, in criminally derived property of a value  
5 greater than \$10,000, such property having been derived from specified unlawful  
6 activities, that is mail fraud, wire fraud, and securities fraud; each monetary transaction  
7 set forth below constitutes a representative sample of such monetary transactions and a  
8 separate count of this Indictment, as follows:

Count	Defendant(s)	Date	Description of Monetary Transaction
100	LAWRENCE	August 14, 2000	Deposit of cashier's check number 5021882267 in the amount of \$88,570, drawn on funds from U.S. Bank account 153500122400, in Bainbridge Island, Washington, in the name of Health Maintenance Centers, Inc., to U.S. Bank account number 153590383896 in the name of National Alliance, Inc., Management Trust Account for Performance Consult.
101	LAWRENCE	September 1, 2000	Deposit of cashier's check number 5022187023 in the amount of \$26,180, drawn on funds from U.S. Bank account 153500122400, in Bainbridge Island, Washington, in the name of Health Maintenance Centers, Inc. to U.S. Bank account number 153590383896 in the name of National Alliance, Inc., Management Trust Account for Performance Consult.
102	REIMER	October 31, 2000	Deposit of check number 1226 in the amount of \$58,000, drawn on Bank of America account number 63774962, in Bellevue, Washington, in the name of Stephanie Reimer, to Bank of America account number 23804-13876, in the name of Northstar LLC, in Bellevue, Washington.
103	KUIKEN	November 1, 2000	Deposit of check number 1049 in the amount of \$20,000, drawn on U.S. Bank account number 153590973076, in Bellevue, Washington, in the name of Intercity Enterprises Inc Mgmt Trust Acct for Growth International, to U.S. Bank account number 153504792489 in the name of New Life Bible Fellowship.

Count	Defendant(s)	Date	Description of Monetary Transaction
104	REIMER	November 15, 2000	Deposit of check number 1233 in the amount of \$50,000, drawn on Bank of America account number 63774962, in Bellevue, Washington, in the name of Stephanie Reimer, to Bank of America account number 23804-13876, in the name of Northstar LLC, in Bellevue, Washington.
105	LAWRENCE	February 9, 2001	Deposit of check number 1005 in the amount of \$28,880, drawn on First Mutual Bank account number 00724025200, in Bellevue, Washington, in the name of HMC Inc., - American Integrated Health, to U.S. Bank account number 153590383896 in the name of National Alliance, Inc., Management Trust Account for Performance Consult.
106	LAWRENCE	February 13, 2001	Deposit of check number 1013 in the amount of \$64,360, drawn on First Mutual Bank account number 00724025200, in Bellevue, Washington, in the name of HMC Inc., - American Integrated Health, to U.S. Bank account number 153590383896 in the name of National Alliance, Inc., Management Trust for Performance Consult.
107	LAWRENCE	February 27, 2001	Deposit of check number 1032 in the amount of \$22,450, drawn on First Mutual Bank account number 00724025200, in Bellevue, Washington, in the name of HMC Inc., - American Integrated Health, to U.S. Bank account number 153590383896 in the name of National Alliance, Inc., Management Trust Account for Performance Consult.
108	LAWRENCE	March 8, 2001	Deposit of check number 1047 in the amount of \$143,000, drawn on First Mutual Bank account number 00724025200, in Bellevue, Washington, in the name of HMC Inc., - American Integrated Health, to U.S. Bank account number 153590383896 in the name of National Alliance, Inc., Management Trust Account for Performance Consult.
109	LAWRENCE	March 22, 2001	Deposit of check number 1064 in the amount of \$19,650, drawn on First Mutual Bank account number 00724025200, in Bellevue, Washington, in the name of HMC Inc., - American Integrated Health, to U.S. Bank account number 153590383896 in the name of National Alliance, Inc., Management Trust Account for Performance Consult.

Count	Defendant(s)	Date	Description of Monetary Transaction
110	LAWRENCE	April 2, 2001	Deposit of check number 1072 in the amount of \$119,871.38, drawn on First Mutual Bank account number 00724025200, in Bellevue, Washington, in the name of HMC Inc., - American Integrated Health, to U.S. Bank account number 153590383896 in the name of National Alliance, Inc., Management Trust Account for Performance Consult.
111	LAWRENCE	April 16, 2001	Deposit of check number 1092 drawn on First Mutual Bank account number 00724025200, in Bellevue, Washington, in the name of HMC Inc., - American Integrated Health, in the amount of \$31,066 to U.S. Bank account number 153590383896 in the name of National Alliance, Inc. Management Trust Account for Performance Consult.
112	KUIKEN	July 2, 2001	Deposit of check number 7012 in the amount of \$15,000 drawn on U.S. Bank account number 153591310211, in Bellevue, Washington, in the name of Morningstar Growth International, to U.S. Bank account number 153504792489 in the name of New Life Bible Fellowship.
113	REIMER BEAMAN	October 29, 2001	Withdrawal of funds in the amount of \$25,000 from Bank of the West account number 247025505, in Reno, Nevada, in the name of TNT Dynamics, Inc., by wire transfer to Bank of America account number 67854687, in the name of Steven J. Reimer, in Bellevue, Washington.
114	KUIKEN	March 25, 2002	Deposit of check number 7087 in the amount of \$30,000 drawn on U.S. Bank account number 153591310211, in Bellevue, Washington, in the name of Morningstar Growth International, to First Union National Bank account number 2000009464970 in the name of American Opportunities Inc.

All in violation of Title 18, United States Code, Sections 1957 and 2.

VII.

CRIMINAL FORFEITURE ALLEGATIONS

Upon conviction of the offenses charged in Counts 1 through 114 of this Indictment, defendants KEVIN L. LAWRENCE, STEVEN J. REIMER, LARRY L. BEAMAN, MICHAEL J. CULP, HARVEY W. KUIKEN, ALEX LACSON, and ALFONSO LACSON, JR. shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property constituting or derived from proceeds obtained directly or indirectly as a result of the such offense, including but not limited to the following:

1. One (1) Brequet Type XX Men's Watch, Model No. 4227;
2. One (1) Rolex Oyster Men's Watch;
3. One (1) Tag Heuer Men's Watch, Model #WG1120-KO;
4. Five (5) Swords, more fully described as follows:
  - a. one (1) sword with a large lion face guard (larger of the two), maker unknown;
  - b. one (1) Jemadar dagger by Jose De Braga;
  - c. one (1) sword with a large lion guard (smaller of the two), maker unknown;
  - d. one (1) Vektran dagger by Jose DeBraga; and
  - e. one (1) Vektran sword by Jose DeBraga;
5. One (1) 1978 Mako vessel, serial # MRK106070478M25 & EZ Loader trailer, VIN # 1ZE1S428PAN24310;
6. One (1) 1999 Yamaha Wave Runner jet ski, Serial # YAMA4636C999, and 1999 Shore Land'r trailer, VIN #1MDH1MJ17XA066535;
7. One (1) 2001 Ferrari F-1 360 Modena Spyder, VIN #ZFFYT53A210123121, or the proceeds from the interlocutory sale of the 2001 Ferrari F-1 360 Modena Spyder;
8. One (1) 1990 Donzi vessel, Serial # DMRA083L990, and 1991 Trail Rite boat trailer, VIN # 1T0BS10TXMS115882;

- 1        9.    One (1) 2000 Mercedes-Benz G-Wagen Brabus Cabriolet,  
2 VIN # WDBEG4069Y7121043;
- 3        10.   One (1) 2000 AM General Hummer 4 door, VIN # 137ZA843XYE190060;
- 4        11.   One (1) 1996 Black AM General Hummer, VIN #137ZA9038TE170751;
- 5        12.   One (1) 2001 Ducati 996SPC Motorcycle, VIN # ZDM1SB5T31B010092;
- 6        13.   One (1) 2001 Yamaha YFM 600 Grizzly ATV,  
7 VIN # JY4AJ02Y31A003778;
- 8        14.   One (1) 2001 Yamaha YFM 600 Grizzly ATV,  
9 VIN # JY4AJ02Y91A004658;
- 10       15.   One (1) 1972 De Tomaso Pantera, VIN # THPNLJ02144; and
- 11       16.   One (1) 1983 De Tomaso Pantera, VIN # THPNAR09259;
- 12       17.   The real property located at 15020 159th Avenue N.E., Woodinville,  
13 Washington 98072, including its buildings, improvements, appurtenances, fixtures,  
14 attachments and easements;

15            If any of the above-described forfeitable property, as a result of any act or  
16 omission of the defendant:

- 17            (a)    cannot be located upon the exercise of due diligence;
- 18            (b)    has been transferred or sold to, or deposited with, a third party;
- 19            (c)    has been placed beyond the jurisdiction of the Court;
- 20            (d)    has been substantially diminished in value; or
- 21            (e)    has been commingled with other property which cannot be divided  
22 without difficulty;

23 it is the intent of the United States, pursuant to Title 21, United States Code,  
24 Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), to seek

25 //

26 //

27 //

28 //



1 forfeiture of any other property of said defendant up to the value of the forfeitable  
2 property described above.

3 A TRUE BILL:

4 DATED: 6-17-03

5 Leslie Lavin  
6 FOREPERSON by llg

7  
8 John McKay

9 ~~for~~ JOHN McKAY  
10 United States Attorney

11 Floyd Short

12 FLOYD SHORT  
13 Assistant United States Attorney

14 Richard E. Cohen

15 RICHARD E. COHEN  
16 Assistant United States Attorney

17 Ye-Ting Woo

18 YE-TING WOO  
19 Assistant United States Attorney

20 Todd Brilliant

21 TODD BRILLIANT  
22 Special Assistant United States Attorney

23 Jeffrey B. Coopersmith

24 JEFFREY B. COOPERSMITH  
25 Assistant United States Attorney